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# Glore Director of Stewart-Warner

CHICAGO, ILL.—Charles Foster Glore, partner in Glore, Forgan & Co., investment bankers, has been elected a director of Stewart-Warner Corporation, vice Gardiner Symonds, resigned, it is announced by James S. Knowlson, president.

Charles F. Glore

Mr. Symonds, vice-president and a director of the Chicago Corporation, has been a director of Stewart-Warner Corporation since 1936. He was recently elected praesident and a director of the Tennessee Gas and Transmission Company, Houston, Texas, a Chicago Corporation subsidiary, and has established his headquarters in Houston.

The Stewart-Warner directorate

(Continued on page 831)

**New York Security Dealers Association Anniversary Dinner Photos on Pages 835, 836, 837 and 838**

**Index of Regular Features on page 856.**

# Business and the Public Debt

By JAMES W. MARTIN*

Director, Bureau of Business Research, University of Kentucky

**Tax Expert Points Out That There Is Less Concern Today When Debt Is $300 Billions Than When It Was $40 Billions and States That the Present Indifference Is Sadly Misplaced. Though Admitting That Because the Debt Is Domestic in Character It Is Less Burdensome Than If Held Abroad, He Holds It Creates a Problem of the Proper Distribution of the Burden. Says That Debt Burden Can Be Carried If Greater Productivity and Higher Income Levels Are Assured; If There Is a Disposition Among the People to Provide Their Own Primary Protection Against Poverty, and If Private Economic Activity Is Promoted by Government. Sees a Sensible Adaptation of War Taxation to Peacetime Conditions.**

Five years ago many good citizens of the United States were greatly concerned that the national debt should have risen to a point more than one-fourth above the highest point reached after the first World War. One need be merely an indifferent newspaper reader to recall the air of gloom which enveloped many Americans as the nation passed the $40 billion mark.

Prof. J. W. Martin

Today, there appears to be less concern as to whether the

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*An address by Mr. Martin in the University of Kentucky Forum series, at Lexington, Ky. Mr. Martin was former Chairman of the Kentucky Tax Commission. He has been President of the Tax Research Foundation, and is at present Vice-President of the Tax Institute and of the National Tax Association.

(Continued on page 852)

# Opportunities In Utility Securities

By HAROLD H. YOUNG*

**Utility Analyst Holds Public Utility Securities Are Going to Be Attractive and Desirable During the Years Ahead. Contends Utility Industry Has Gained the Confidence of Investors Due to Its Record of Growth and Progress and That Though Revenues From Industrial Customers Will Decline After the War, the Loss Will Be More Than Offset by Increasing and More Profitable Domestic Demands. Sees No Reconversion Problem for Utilities and Points to Technological Progress as Well as Tax Relief Measures as Basis for Higher Profits. Calls Attention to Specific Situations Offering Investment Opportunities.**

Harold Young

As thoughts turn to any study of the Investments which are going to be attractive and desirable over the years ahead, public utility securities certainly deserve a full measure of consideration. Accordingly, I have taken as my topic "Opportunities in Utility Securities." I have been asked to discuss some specific situations which have particular promise, and this I will gladly do. However, I think you can better see the picture

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*An address by Mr. Young before the Boston Securities Traders Association held at the Boston Stock Exchange, Boston, Feb. 15, 1945. Mr. Young is a public utility analyst associated with Bear, Stearns & Co., member of the New York Stock Exchange.

(Continued on page 839)

# Let Us Preserve Our Democracy!

By W. RANDOLPH BURGESS*

President, American Bankers Association

Vice-Chairman of the Board, the National City Bank of New York

**Mr. Burgess, After Pointing Out the Common Interests and Kinship of the United States and Canada in the "Concept and Practice of Democracy," Urges That the Instruments for Preserving Peace Be Simple and Not so Elaborate, Such as in the Case of Bretton Woods, or They Will Break Down From the Weight of Their Machinery. Sees Dangers to Democracy in Subversive Political Changes, Selfish Pressure Groups and in an Expanding Bureaucracy. Maintains That Big Government Controls Handicaps Small Business, and Lays Down Four Proposals for Preserving Democracy.**

Over a period of years I have spent many months in Canada, but I have never been here before when our two peoples were war partners, as they are today in this great struggle. I have welcomed the chance to visit Canadian friends at this time that I might experience at first hand the sense of full comradeship,—the feeling of unity in the struggle for a vital purpose. If we can capture and hold in our hearts this moment of comradeship and unity it may help us to work together better when the great

W. R. Burgess

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*An address by Mr. Burgess before the Canadian Club, Montreal, Canada, February 19, 1945.

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# How Jobs Are Created

By CLAUDE L. BENNER

Vice-President, Continental American Life Insurance Co.

**Insurance Executive Attacks Theory That Jobs Can Be Permanently Created Through Public Spending and That Purchasing Power Is Increased by "Giving People Plenty of Money." Holds Government-Created Jobs Discourage Private Industry, and That the Real Remedy for Unemployment Is the Investment of Capital in New as Well as the Expansion of Existing Businesses. Sees Private Enterprise Endangered If Government Controls Are Intensified, but Sounds an Optimistic Note in Belief That, With Favorable Reconversion Factors Allowed to Operate, the Long-Term Wisdom of the American People Will Solve Realistically the Difficulties That Lie Before Them.**

Claude L. Benner

If there is to be a high level of prosperity after the war, it is generally admitted that there must be a sufficient number of jobs to provide employment for those who are able and willing to work. President Roosevelt has said that this means sixty million jobs. Others have said that a somewhat less number will be sufficient. My own studies lead me to believe that fifty to fifty-five million jobs would provide a fair level of prosperity. After all, there are many women, old people past sixty-five, and boys under sixteen now working, who would be better off some place else than in our factories.

But whatever may be the correct figure to provide what is commonly called full employment, one thing is certain, namely, there is no agreement as to how these jobs are to be provided. The Committee for Economic Development takes the position that if the tax laws are properly revised and if governmental controls are removed as soon as possible, private industry can furnish them. On the other hand, the more radical New Dealers scoff at this idea. They state that in order to provide the "necessary purchasing power to keep a high national income and full employment, the government is going to be compelled to run a large deficit and war time wages must be maintained and even increased." If

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[*] An address by Mr. Benner delivered at the Twenty-ninth Annual Banquet of the Real Estate Board of Baltimore, Baltimore, Md., Feb. 3, 1945.

(Continued on page 850)

## Mannheimer-Egan, Inc. Opens in St. Paul

ST. PAUL, MINN. — Mannheimer-Egan, Inc., has been formed with offices in the First National Bank Building, to deal in investment securities. Principals were formerly of Mannheimer-Caldwell, Inc., in St. Paul.

## City Bank Farmers Trust Appoints Gaffney, Wharton

At the regular meeting of the Executive Committee of City Bank Farmers Trust Co. James G. Gaffney and Francis A. Wharton were appointed Assistant Trust Officers.

# Says Bretton Woods Proposals Do Not Provide For Exchange Stabilization

**Congressman Smith of Ohio Refutes Statement in the President's Message. Also Takes Exception to President's Statement That the Plan "Does Not Create a Single Money for the World."**

Frederick C. Smith

Congressman Frederick C. Smith (Rep.-Ohio), a member of the House Committee on Banking and Currency, in a speech on the House floor, on Feb. 15 called attention to what he termed "grossly misstated facts" in the President's special message to Congress on Feb. 12 recommending that Congress enact into law the Bretton Woods proposals. Mr. Smith's remarks were as follows:

After delineating in broad general terms the investment features of the Bretton Woods proposal for an international bank, the President refers to the fund proposal in respect of which he says:

> We all know, however, that a proposed world economy must be built on more than foreign investment. Exchange rates must be stabilized, and the channels of trade opened up throughout the world.
>
> . . . the fund is a financial institution to preserve stability and order in the exchange rates between different moneys.

In the first place there is nothing whatever in the Bretton Woods proposal which really provides for stabilizing the currencies of member countries. It is true that one of the purposes of the fund is stated to be—

> to promote exchange stability to maintain orderly exchange arrangements among members, and to avoid competitive exchange depreciation.

But the proposal not only fails to provide any prohibition against a member country debasing its currency but actually provides that it shall be free to go as far as it wishes in this respect. Section 5 (f) of Article IV of the agreement provides that if the Fund is so satisfied it shall not object to a country debasing its currency because of "the domestic, social or political policies of the member proposing the change.

Since domestic, social, or political policies provide the only possible reasons for any country to debase its currency, the field would of necessity be left wide open to all countries to do precisely as they pleased with respect to changing the par value of their currencies.

It is therefore clearly false to say that the Bretton Woods proposal for an international mone-

(Continued on page 844)

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# Hearings On the Boren Bill Concluded

**House Committee on Interstate Commerce Hears Testimony of Representatives of IBA and the Chairman of the SEC and Others on Bill to Remove Municipals From All Regulatory Action of the SEC. Chairman Purcell of SEC Contends That Present Law Permits Regulation of Secondary Marketing of Municipals and Disclosed That Commission Is Working on Alternative Measure. Acknowledged That Measure Under Attack, Which Has Been Scrapped by SEC, Would Have Had Deleterious Effect on Primary Distribution of Municipals.**

WASHINGTON, D. C., Feb. 21.—The two-day hearings of the House Committee on Interstate and Foreign Commerce on the Boren bill were concluded Feb. 21 with the testimony of SEC Chairman Ganson Purcell.

The Boren bill, HR 693—which is the same as HR 1502 of the last Congress—would by specific statutory provision make clear the intent of Congress that State and municipal financing should not be regulated or controlled by the Federal Government, directly or indirectly.

In this week's hearings the issue was clearly presented by both sides. The arguments in favor of the Boren bill were impressively presented by witnesses representing brokers, dealers and investors in State and municipal securities. The Investment Bankers Association of America and the American Bar Association also participated. The hearings were well attended by the committee and considerable sympathy for the dealers' viewpoint was openly expressed by various members.

Highlight of Mr. Purcell's testimony against the Boren bill was the revelation, seemingly for the first time, that the controversial proposed Rule X-15C1-10, originally circulated by the SEC for comment in August, 1942, has been scrapped and that the SEC has long been working on an alternative proposal, which, when perfected, will be submitted to those interested for comment.

Mr. Purcell disclosed that the reactions to the original "proposed rule" evoked considerable doubt as to its workability and soundness, and that a fresh approach to the problem was undertaken by the Commission. Why the SEC has waited until now to reveal this fact Mr. Purcell did not disclose, although he was asked by Congressman O'Hara to do so.

The SEC Chairman added that he hopes that sometime before too long the Commission will work out some method of providing the municipal bond investor with all the information necessary for forming an appraisal of the advisability of an investment.

Congressman Charles A. Wolverton, of N. J., leading Republican member of the committee, suggested that, before the House Committee acts on the Boren bill, the SEC should confer with parties interested in the subject. Speaking also as a member of the House Post-War Committee, Mr. Wolverton pointed out that clarification of the pending question is important from the standpoint of municipal public works planning, and therefore, of national recovery. Congressman Carl Hinshaw (R., of Calif.) expressed agreement with the Wolverton suggestion.

Under committee questioning Mr. Purcell admitted that "perhaps the rule as originally suggested would have had a deleterious effect on the primary distribution of municipal securities," but he denied that any rule would have such an effect.

Mr. Purcell took occasion to compliment Mr. Charles W. Weigold, New York dealer in municipals, on his statement during Tuesday's hearing concerning a dealer's responsibility to his customers.

It may be noted parenthetically that Mr. Weigold's was one of several very effective presentations in support of the Boren bill.

Congressman Boren stated that the issue before the committee is simply whether SEC should have regulatory powers over State and

(Continued on page 849)

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# Secret of Cheap Money Is an Excess Supply

By IVAN WRIGHT
Brooklyn College

**Economist Expresses Confidence in the Ultimate Post-War Return to the Gold Standard as Has Been Done in Past Periods. Analyzes the Course of Low Interest Rates Which Followed the Depression of 1929 and Stresses the Need for Distinguishing the Rate on Safe as Compared With Risky Investments. Sees Still Further Decline in Interest Rate If Reserve Requirements Are Lowered, but Predicts an End of Cheap Money When the Need for Deflation Arises and Currency Is Again Made Convertible Into Gold. Says Process of Currency Revaluation Will Be Slow and Accompanied by Hardships and Speculative Opportunities.**

Dr. Ivan Wright

There is no mystery about money, money rates or the magic of government management. Good money has always been a commodity of value. Gold has served the world longest and best as the commodity of standard money value. Country after country has left the gold standard because of inability to meet its credit obligations in money convertible into gold. But sooner or later all such countries have returned to the gold standard with considerable pride. Nothing else has served as well as gold to stabilize domestic currencies and create confidence in both the government and its credits. Also nothing else has been acceptable in settling obligations due foreign countries except gold or its equivalent. This confidence in gold and the demands for it show no signs of diminishing in spite of the great increase in the world's supply of monetary gold. The reason for this demand for gold is its fine stable qualities. While the experiments with paper currency, managed currency, inconvertible currency and all the variety of currencies surrounded by the deep secrets of government controlled magic have a history of instabil-

(Continued on page 853)

# Clarence Unterberg Stresses Protection of Public Interest

C. E. Unterberg

In a short address as presiding officer at the 19th Annual Dinner of the New York Security Dealers Association on Thursday evening. Feb. 15, at the Waldorf-Astoria Hotel in New York City, Clarence E. Unterberg, President of the Association and proprietor of C.E. Unterberg & Co., New York City, asserted that the Securities and Exchange Commission, in pursuing "an aggressive course in the enforcement of statutes entrusted to them, will not be surprised to hear that we in our Association and, I imagine, the exchanges and the NASD, too, do not intend to be quiescent when any one of us is in disagreement with them." He urged the security dealers not to lose sight of the one duty delegated to each of them—protection of the public interest—and commented that "there is opportunity for all in the business."

"It gives me a great deal of pleasure to welcome all of you here this evening," Mr. Unterberg began. "Every member of our Association shares in the pride we feel on this occasion. This dinner marks the 19th anniversary of the New York Security Dealers Association and we are happy to have with us so representative a group of men from all phases of

(Continued on page 842)

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# Recurrent Need For Shearing SEC Powers

**Saddling Upon Investment Advisers the Difficult Duty of Searching Out the "Best Price at Which a Transaction Could Be Effected for a Client Elsewhere" Is Not Only Impracticable but Beyond the Scope of the Investment Advisers Act. It's Another Move to Enlarge SEC Rule-Making and a New Drag-Out of the Disclosure Skeleton and a Twist to Put Dealers and Brokers Under the Same Obligations as Investment Advisers Despite a Statutory Provision to the Contrary.**

The Securities and Exchange Commission, in a recent release, made public an opinion of James A. Treanor, Jr., Director of its Trading and Exchange Division.

We quote from its text:

> "The question has been presented whether it is permissible for an investment adviser to sell a security to or buy a security from a client. You ask also what disclosure is necessary if such a transaction is permissible."

**At last we have Jim Treanor, who has often spoken unofficially on his pet hobby "disclosure," dealing with the subject officially.**

We should like to know who presented the question, what form that presentation took, and why this information is not disclosed in the opinion.

Instead of addressing himself to the immediate issue, Mr. Treanor first lists the obvious statutory interdictions against the employment of fraudulent devices, schemes or artifices.

Clearly, the question put contemplates no such methods. The enquirer, whoever he or it may be, knew beforehand that fraud of any kind is contrary to the law. Such listing was gratuitous and had no place in the opinion.

It is when handling the subject of disclosure that Mr. Treanor really waxes expansive. Here is one of the elements of his definition of a minimum disclosure. The investment adviser who effects any transaction for his client, says Mr. Treanor, should disclose

> **". . . (c) the best price at which the transaction could be effected by or for the client elsewhere if such price is more advantageous to the client than the actual purchase or sale price."**

Mr. Treanor, too, can make mistakes that are beauts.

(Continued on page 829)

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Foreign Pow. Securities 6, 1949
Gt. Brit. & Can. Inv. 4½, 1959
Intl. Hydro Elec. 6, 1944
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# Recurrent Need For Shearing SEC Powers

(Continued from page 828)

Here is a burden cast upon investment advisers to canvass the trade to determine whether by any possibility the client could have saved through patronizing another.

Assuming the deal to be in all respects an honest one, with full disclosure of the cost or the sale price, as the case may be, with full observance of other responsibilities respecting disclosure and no unconscionable spreads or illegal commissions taken, he would, nevertheless, saddle upon the adviser the difficult duty of acting in derogation of his own transaction.

**Whilst upon a first reading this part of the opinion may ring plausible, its ridiculousness must be evident to any one who is well grounded in the securities field, not only because it is impractical but also because of the interference with the regular course of business as we have known it for decades, which its operation will entail.**

Mr. Treanor points out that Section 206 of the Investment Advisers Act of 1940, subdivision (3), provides that it shall be unlawful for a registered adviser

> "acting as principal for his own account, knowingly to sell any security to or purchase any security from a client, or, acting as broker for a person other than such client, knowingly to effect any sale or purchase of any security for the account of such client, without disclosing to such client in writing before the completion of such transaction the capacity in which he is acting and obtaining the consent of the client to such transaction."

and further:

> **"The prohibitions of this paragraph (3) shall not apply to any transaction with a customer of a broker or dealer if such broker or dealer is not acting as an investment adviser in relation to such transaction."**

From this it must be evident that Congress by express legislative provision has made clear its recognition that brokers and dealers have not the obligation to make the same disclosures which are incident to the profession of registered investment advisers.

Yet Congress must have known that brokers and dealers do have salesmen and do from time to time recommend the purchase and the sale of securities.

Here is a plain legislative mandate, but Mr. Treanor's cumulative activity with respect to disclosure as far as brokers and dealers are concerned, causes one to suspect that such a directive will not hinder the SEC in enlarging its power through rule-making.

Every now and then the disclosure skeleton is hauled out of the closet and rattled, as witness Treanor's address before the annual convention of the National Association of Securities Commissioners at St. Louis last December.

Reading this address, which was published in our issue of Jan. 11, 1945, will bring an immediate awareness that, the above statutory provisions notwithstanding, as far as cost disclosure is concerned, Treanor would put dealers and brokers under the same obligation as investment advisers.

At varying intervals we have warned against these disclosure refinements upon which Treanor harps. We believe them to be—and these, whether the utterances are official or unofficial—part of a planned strategy against which dealers and brokers must stand unwavering guard.

**Although the statute referred to leaves no room for doubt, in view of the tendency of the Commission, there should be a definite legislative shearing of SEC rulemaking powers so that "disclosure hobbies" will be permanently shelved, and the course of trade in a vital field will not be hamstrung.**

How much longer is a nation accustomed to a free economy expected to put up with encircling bureaucratic controls?

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# Dealer-Broker Investment Recommendations and Literature

*It is understood that the firms mentioned will be pleased to send interested parties the following literature:*

**Bank Stocks**—An analytical review of the investment position of metropolitan bank stocks in relation to Government fiscal policies of the past dozen years—By Warren C. Heidel—price $2 prepaid—**Putnam & Co.,** 6 Central Row, Hartford 4, Conn.

**Calendar of Rail Events**—Action scheduled in the next month—**Vilas & Hickey,** 49 Wall Street, New York 5, N. Y.

**I. C. C. Comment on 1944 Rail Results**—Current report—**Vilas & Hickey,** 49 Wall Street, New York 5, N. Y.

**Indiana Gas & Chemical**—Late memorandum—**First Colony Corporation,** 70 Pine Street, New York 5, N. Y.

**National Gas & Electric Corporation**—Report on position and outlook for dealers only—**Peter Morgan & Co.,** 31 Nassau Street, New York 5, N. Y.

**Pittsburgh Railways**—Current study—**First Colony Corporation,** 70 Pine Street, New York 5, N. Y.

**Post-War Outlook for the Building Industry**—Booklet discussing prospects for construction and for various manufacturers in the building field—**Arrowsmith, Post & Welch,** 115 Broadway, New York 6, N. Y.

**Preferred Stock Guide**—Quotations on unlisted public utility preferred and common stocks—**G. A. Saxton & Co., Inc.,** 70 Pine Street, New York 5, N. Y.

**Public National Bank & Trust Company**—Analysis, for dealers only—**C. E. Unterberg & Co.,** 61 Broadway, New York 6, N. Y.

**Research Comment**—On three situations—**H. Hentz & Co.,** Hanover Square, New York 4, N. Y.

**What Is Ahead for the Real Estate Securities Market**—Forecast for 1945 and future—**Amott, Baker & Co., Inc.,** 150 Broadway, New York 7, N. Y.

**American Hardware**—Special study—**Goodbody & Co.,** 115 Broadway, New York 6, N. Y.

**American Bantam Car**—Circular on this situation—**Hoit, Rose & Troster,** 74 Trinity Place, New York 6, N. Y.

**Boston & Maine Income 4½s of 1970**—Memorandum on potentialities—**McLaughlin, Baird & Reuss,** 1 Wall Street, New York 5, N. Y.

**Boston & Providence Railroad**—Descriptive circular—**Adams & Peck,** 63 Wall Street, New York 5, N. Y.

**Break Down Government Bond Portfolios**—Circular—**Laird, Bissell & Meeds,** 120 Broadway, New York City.

**Central Iron & Steel**—Bulletin on recent developments—**Lerner & Co.,** 10 Post Office Square, Boston 9, Mass.

**Central Soya**—Discussion of possibilities—**Buckley Brothers,** 1529 Walnut Street, Philadelphia 2, Pa.

**"Confident Year"**—Bulletin on the outlook for eight vital industries, reviews thirty-four securities—**Strauss Bros.,** 32 Broadway, New York 4, N. Y.

**Cross Co. Common Stock**—Analysis of reasons for considering this an attractive low-priced situation—**F. H. Koller & Co., Inc.,** 111 Broadway, New York 6, N. Y.

**Diamond Alkali**—Circular—**Wm. J. Mericka & Co.,** Union Commerce Building, Cleveland 14, Ohio.

**"Dynamic Economies"**—Preparation of demand studies—**Econometric Institute, Inc.,** 500 Fifth Avenue, New York City—$5.00 per copy.

**Fashion Park, Inc.**—Post-war outlook—**Simons, Linburn & Co.,** 25 Broad Street, New York 4, N. Y.

**Flour Mills**—Descriptive circular—**J. F. Reilly & Co.,** 111 Broadway, New York 6, N. Y.

**Foundation Co.**—Circular on current situation—**J. F. Reilly & Co.,** 111 Broadway, New York 6, N. Y.

**Garrett Corporation**—Brochure and statistical information, available to dealers—**Fred W. Fairman**

(Continued on page 831)

# Posner Chairman of N. Y. Curb Exchange

Edwin Posner

At the annual election of the New York Curb Exchange Edwin Posner, Andrews, Posner & Rothschild, was elected chairman of the Board of Governors for a term of one year. In addition to Mr. Posner, five Class "A" Governors, four Class "B" Governors, and two trustees of the Gratuity Fund were elected for a term of three years.

The newly elected governors and trustees are:

Members of the Board of Governors (Class "A", of which there are fifteen, who are regular members of the Exchange) (three-year term)—Thomas W. Bartsch, W. R. K. Taylor & Co.; Mortimer Landsberg, Brickman, Landsberg & Co.; Fred C. Moffatt, Reynolds & Co.; Frederick Roth, H. L. Buchanan & Co.; Howard C. Sykes, Wagner, Stott & Co.

Members of the Board of Govnors (Class "B", of which there are twelve, who are associate member partners or non-member partners of regular or associate member firms doing business for the public) (three-year term)—Casper DeGersdorff, Harris, Upham & Co.; Bayard C. Hoppin, Hoppin Bros. & Co.; Paul L. Hughes, Gude, Winmill & Co.; Thomas A. Larkin, Goodbody & Co.

Trustees of the Gratuity Fund (three-year term)—Thomas Morris, Sr., and E. J. Muller, Wm. P. Hoffman & Co.

At the 35th organization meeting of the Board of Governors of the New York Curb Exchange Edwin Posner was appointed President Pro-tem and Edward J. Shean Vice-Chairman. Also appointments made by the Chairman of officers, department heads and committees were approved. Charles E. McGowan was renamed Secretary and Director of the Department of Transactions; Christopher Hengeveld, Jr., Treasurer and Director of the Department of Administration; Francis X. Gaudino. acting Assistant Treasurer; Henry H. Badenberger, Director of Department of Outside Supervision; and Martin J. Keena, Director of the Department of Securities.

John T. Madden, dean of the New York University School of Commerce, Benjamin H. Namm, president of Namm Department Store in Brooklyn and National Retail Dry Goods Association; and Victor F. Ridder, publisher, were re-elected Class "C" Governors for the fifth time to represent the public on the Curb Exchange Board. They are not engaged in the securities business.

The standing committees appointed are as follows:

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## N. Y. Security Dealers Honor Dunne at Dinner

### Patrick B. McGinnis Was Principal Speaker

At the 19th anniversary dinner of the New York Security Dealers Association held at the Waldorf-Astoria Hotel and attended by about 1,000 members and guests of the association, the principal speaker, Patrick B. McGinnis, authority on railroad securities and partner of Pflugfelder, Bampton & Rust, discussed the future of railroad finance.

Frank Dunne

C. E. Unterberg

Clarence E. Unterberg, the newly elected president of the Association, was introduced to the gathering by Richard F. Abbe, vice chairman of the dinner committee and President of the Security Traders Association of New York. In a brief address, Mr. Unterberg pointed to the work and objectives of the Association.

A silver tray, with appropriate inscription, was presented to Frank Dunne of Dunne & Co in recognition of his outstanding service during his eight years as president of the organization by Mr. Unterberg in behalf of the Association. Among the invited guests were members of the Securities and Exchange Commission, financial editors, officials of various important securities exchanges and of the National Association of Securities Dealers, and railroad executives.

## Edward Vallely With John Nuveen & Co.

(Special to The Financial Chronicle)

CHICAGO, ILL. — Edward V. Vallely has become associated with John Nuveen & Co., 135 South La Salle Street. Mr. Vallely was formerly manager of the trading department of Barcus, Kindred & Co. Prior thereto he was with A. C. Allyn & Co.

Brooks, Edward J. Cohan and Paul L. Hughes.

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# Dealer-Broker Investment Recommendations and Literature

(Continued from page 830)

& Co., 208 South La Salle Street, Chicago 4, Ill.

**Gruen Watch** — Discussion of potentialities—**Buckley Brothers,** 1529 Walnut Street, Philadelphia 2, Pa.

**M. A. Hanna Co.**—Engineering field report—**Herzog & Co.,** 170 Broadway, New York 7, N. Y.

**Iowa Southern Utilities Company**—Detailed circular—**Rogers & Tracy, Inc.,** 120 South La Salle Street, Chicago 3, Ill.

**Lehigh Valley RR.**—Circular on the general consol. 4s-4½s-5s, 2003 — **McLaughlin, Baird & Reuss,** One Wall Street, New York 5, N. Y.

**Lipe-Rollway Corporation**—Circular on situation—**Herrick, Waddell & Co., Inc.,** 55 Liberty Street, New York City.

**Long Bell Lumber Company**—Memo discussing enviable postwar outlook and earnings possibilities—**Comstock & Co.,** 231 South La Salle Street, Chicago 4, Ill.

**Magnavox Company**—Brochure and statistical information, available to dealers—**Fred W. Fairman & Co.,** 208 South La Salle Street, Chicago 4, Ill.

**Magnavox Company** — Timely statistical report—**Kaiser & Co.,** 25 Broad Street, New York 4, N. Y., and Russ Building, San Francisco 4, Calif.

**P. R. Mallory & Co., Inc.**—Analytical discussion — **Steiner, Rouse & Co., 25 Broad Street,** New York 4, N. Y.

**Merchants Distilling Common**—Memorandum—**Buckley Brothers,** 1529 Walnut Street, Philadelphia 2, Pa.

**Midland United Preferred** — Analysis—**Ira Haupt & Co.,** 111 Broadway, New York 6, N. Y.

**Moxie Co.**—Descriptive circular—**J. F. Reilly & Co.,** 111 Broadway, New York 6, N. Y.

**National Monthly Stock and Bond Quotation Service** — Free trial offer being made by **National Quotation Bureau, Inc.,** 46 Front Street, New York 4, N. Y.

**National Radiator Co.**—Analysis, for dealers only—**C. E. Unterberg & Co.,** 61 Broadway, New York 6, N. Y.

**New York Bank Stocks**—Comparative analysis and significant ratios for eighteen stocks in 1944 —**Laird, Bissell & Meeds,** 120 Broadway, New York 5, N. Y.

**Oxford Paper** preferred & common — Analytical study — **Goodbody & Co.,** 115 Broadway, New York 6, N. Y.

**Pacific-American Investors, Inc.** —Study of situation showing favorable situation of the preferred stock and speculative appeal of the common through leverage—**Maxwell, Marshall & Co.,** 647 South Spring Street, Los Angeles 14, Calif.

**Panama Coca-Cola**—Discussion of this situation—**Hoit, Rose & Troster,** 74 Trinity Place, New York 6, N. Y.

**Peoples-Pittsburgh Trust Company**—Analysis—**W. J. Banigan & Co.,** 50 Broadway, New York 4, N. Y.

**Possible Excess Profits Tax Liability for 1945**—Circular—**Laird, Bissell & Meeds,** 120 Broadway, New York City.

**Post War Earnings and Debt Reduction Possibilities for Seaboard Railway Company**—Circular on written request—**Pflugfelder, Bampton & Rust,** 61 Broadway, New York 6, N. Y.

**Seaboard All-Florida RR.** — Resume of the present status—**L. H. Rothchild & Co.,** 52 Wall Street, New York 5, N. Y.

**Schenley Distillers Corporation** —Brochure of articles they have been running in the Chronicle—write to Mark Merit, in care of **Schenley Distillers Corporation,** 350 Fifth Avenue, New York 1, N. Y.

**Skilsaw, Inc.**—Analysis—**W. J. Banigan & Co.,** 50 Broadway, New York 4, N. Y.

**Standard Stoker Co.** — Memorandum—**Otis & Co.,** Terminal Tower, Cleveland 13, Ohio.

**Steep Rock Iron Mines, Ltd.**—Memorandum—**Otis & Co.,** Terminal Tower, Cleveland 13, Ohio.

**United Piece Dye Works**—Discussion of long term possibilities for those speculatively inclined—**Ward & Co.,** 120 Broadway, New York 5, N. Y. Also available are late memoranda on:

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**Wellman Engineering**—Circular —**J. F. Reilly & Co.,** 111 Broadway, New York 6, N. Y.

**Wellman Engineering Company** —Prospects discussed — **Wm. J. Mericka & Co., Inc.,** 29 Broadway, New York City.

**White Motor Company**—Discussion of speculative possibilities at current levels—**H. Hentz & Co.,** Hanover Square, New York 4, N. Y.

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## C. F. Glore Director Of Stewart-Warner

(Continued from first page)

voted a resolution of appreciation for the services rendered by Mr. Symonds.

Mr. Glore, in addition to his partnership, is chairman of the executive committee and a director of the Chicago Corporation, a director and member of the executive committee of Libby, McNeill & Libby, chairman of the executive committee and a director of the Tennessee Gas and Transmission Company, and president and a director of the 208 South LaSalle Street Corporation.

He is a director of Continental Assurance Company, Continental Casualty Company, Montgomery Ward & Company, and the Studebaker Corporation.

Mr. Glore is also president of the board of trustees of Lake Forest Academy, and a trustee of the Art Institute of Chicago and of St. Luke's Hospital. He lives in Lake Forest, Ill.

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## Charles Jernegan Is With Eastman, Dillon

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, ILL.—Charles Jernegan has become associated with Eastman, Dillon & Co., 135 South La Salle Street. Mr. Jernegan was formerly with Riter & Co. and Alfred O'Gara & Co.

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# Railroad Securities

Despite the strong opposition of the Interstate Commerce Commission, the Hobbs bill, amending the Railroad Bankruptcy Act, has passed the House and will now be considered by the Senate. The general feeling is that there will be even greater opposition to the measure in the Senate than there was in the House, and strong doubts are being expressed as to the likelihood of its ever becoming law. In any event, it appears likely that there will be considerable delay before final action is taken.

The proposed amendment to the Bankruptcy Act is designed to assure holders of the old stocks participation in the reorganized company through distribution to them of new stock. Regardless of the merit or lack of merit, of the bill it is doubtful even if it does pass that it will affect more than a very few of the major reorganization railroads. Obviously nothing can now be done for the stockholders of such lines as Erie, Wabash, North Western, Western Pacific, Soo Line, etc., where reorganizations have already been consummated. Moreover, the law as drawn would not apply to reorganizations where the plan had already been voted on favorably by the creditors. Thus, St. Paul, New Haven, and Denver & Rio Grande Western would apparently be eliminated. The law would also presumably not apply to Seaboard which is being reorganized in equity rather than under the Bankruptcy Act.

As far as the public is concerned the benefits claimed for the new legislation would presumably be confined mainly to stockholders of Missouri Pacific, Rock Island and Frisco. With respect to the last two named roads no pretense has been made in current I. C. C. plans even to make holders of the mortgage bonds whole. Law or no law it would obviously be difficult to find room in the reorganized company for old stockholders when the Commission feels that there is not even enough equity left in the properties to satisfy the claims of secured creditors. The new legislation will not likely have any future utility either, as it is generally conceded that from now on judicial reorganizations will be supplanted by voluntary plans such as that of Baltimore & Ohio.

Support for the Hobbs bill has naturally be strengthened by the war record of the individual roads now undergoing reorganization. These roads have been showing large earnings on their old stocks, and holders of these old stocks therefor see no reason why they should be eliminated in reorganization. The Commission, on the other hand, has consistently set up new capitalizations on the basis of past earning power under what are considered normal economic conditions. Under the proposed amendment to the Bankruptcy Act the Commission would not be allowed to cut the new capitalization below the capitalization existing at the time of filing of the bankruptcy petition, providing that that capitalization does not exceed either the actual investment in the property or the valuation of the property fixed by the Commission for rate-making purposes.

Presumably the Commission would use the present criterion of "normal" earning power to set the new senior capitalization, and would then just go ahead and create enough new common stock to round out the new capitalization to the required size. In every reorganization promulgated to date under Section 77 of the Bankruptcy Act secured creditors have had to accept new common stock in at least partial settlement of their claims. If old stockholders are also now to receive some of the new common stock it is obvious that the principle of absolute priority will have to be abandoned or new classes of junior common stock, with no indicated earning power ex the war, will have to be created.

Many people seem to have lost sight of the fact that reorganization proceedings have arisen largely, if not entirely, from consistent inability to support fixed charges. Readjustment of the capital structure does not affect the ability of the property to earn money, it merely affects the ability of the company to survive on the money it is able to earn. Commission reorganization plans reduced fixed charges drastically and thus place the reorganized carriers in a position where they should experience no difficulty in meeting their obligatory requirements even under severe depression conditions. When we come down to the new common stocks, however, we find that by and large they will be able to show little, if any, earning power under conditions which would have allowed full coverage of old fixed charges. If the roads individually had been able to show such earnings consistently under normal conditions they would not have had to undertake reorganization in the first place. To attempt through legislation to further dilute this nebulous earning power merely to allow participation in the new company by the old stockholders can hardly be justified.

This question of the earning power of the new reorganization common stocks will be discussed in greater detail, and more specifically, in next week's column.

*We have prepared a resume of*
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## Dr. Calvin B. Hoover's Views on Changing the Tariff

In an article in the "Chronicle" of February 1 on page 517, it was stated in the subheading that Dr. Calvin B. Hoover, CED Economist and Dean of the Graduate School of Arts and Sciences of Duke University, had remarked in an address at Cincinnati, Ohio, on January 19th that removal of tariffs under present conditions is not feasible. Dr. Hoover's statement, as contained in the article on page 537, was that "a successful program for the expansion of world trade would have to be far more comprehensive than one which prescribed simply the removal of tariffs," and he continued that under present circumstances and modern conditions, lowering of protective tariffs **by itself alone** would probably simply not be feasible. Exchange controls, import quotas, bulk purchases by Government, cartel arrangements and other devices have come to "be more important as barriers to and controls of trade than are tariffs." The "Chronicle" is glad to make this correction and apologizes for the omission of the word "alone" in the conditioning phrase "by itself alone," which appeared in the introductory comment of Dr. Hoover's address.

## Wm. C. Roney & Co. to Admit 2 New Partners

DETROIT, MICH.—Wm. C. Roney & Co., Buhl Building, members of the New York and Detroit Stock Exchanges, will admit John Kingsley Roney and Roy W. Neil to partnership as of March 1. Both have been with the firm for some time, Mr. Roney as manager of the unlisted trading department.

U. S. Treasury interpretations of **Section 722 of the Revenue Act of 1942** stress the importance of *demand* studies in proving cases and the necessity for eliminating the effects of general business conditions in reconstructing earnings. Techniques required are explained in the pioneer work

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# OUR REPORTER'S REPORT

Results of bidding for two large issues brought out this week, together with the behavior of the bond market itself, tended to convince the rank and file in underwriting circles that the investment list is definitely headed for a lower yield basis.

True, the Pere Marquette bonds and those offered yesterday for the Oklahoma Gas & Electric Co., were a trifle slow in moving out. But, what interested market observers and investment bankers more than the action of the two issues in question, was the effect which the bases fixed for those offerings had on some bonds of recent issue.

**The tendency among the latter descriptions was toward upward price adjustment bringing their yields more in line with those fixed for the bonds being marketed. The trend toward lower corporate yields, it was noted, has been in keeping with the persistent rise in the government market which is the recognized key to basic money conditions.**

**Some commentators were moved to remark that new issues now are being bought for appreciation marketwise rather than on the basis of value fixed at the moment. They contend that this has been the tendency for some time past with potential buyers now inclined to take a longer range view of the market.**

Each new recent issue, where the field has been subject to markdown, it is shown, has had the effect of stimulating interest in earlier flotations by bringing out brisk demand for such descriptions.

### Slow But Sure

Although the Pere Marquette and the Oklahoma issues got away to a slow start, investment interests had no misgivings on the outcome. It was viewed merely as a situation in which buyers were being forced to adjust their views of values and yields.

**In both cases it was said that the big insurance companies were showing interest and it was expected that demand from those sources would quicken ultimately.**

**Pere Marquette's $50,000,000 of 35-year 3⅜s were priced at 100.92 to yield approximately 3.33 per cent, while Oklahoma Gas & Electric's $35,000,000 of new 30-year 2¾s were priced at 101 to yield about 2.70 per cent.**

While interest in the competitive sale of Pere Marquette was not seemingly pronounced, only two groups entering bids, the Oklahoma Gas bonds drew a total of five bidding groups.

### March Looks Busy

With one more deal definitely on the cards for this month, an issue of $15,000,000 of Province of Quebec five year 2s, just registered with SEC, being scheduled for Feb. 28, it now looks as though March will develop a fair volume of new business.

**The bulk of such prospective business is scheduled for around the middle of the month. On March 6 Northern Pennsylvania Power Co. is due to open bids on an issue of $4,000,000 of new first mortgage 30-year bonds, with bidders' to fix the coupon rate.**

March 14 will bring public offering by Marshall Field & Co. of any unexchanged portion of $15,000,000 of new 4¼ per cent preferred stock which will replace higher rate issues now outstanding.

**The following day Continental Can Co. is expected to market 150,000 shares of new preferred stock, probably with a 4 per cent dividend rate, and on March 19 Laclede Gas Light Co. is slated to open bids for its $19,000,000 of new first mortgage bonds and $3,000,000 of serial debentures.**

There is also the possibility that the Arkansas Missouri Power Co. will market an issue of $2,000,000 of new first mortgage, 29-year 3⅛s during the month.

### New York Power & Light Corp.

Another large prospective issuer for next month was added to the roster when New York Power & Light Corp. filed the necessary registration with SEC this week to cover $55,000,000 of new securities.

**The company proposes, upon approval by the Commission and the expiration of the usual period of hibernation, to offer for competitive bids $50,000,000 of new 30-year first mortgage bonds, the bidders to name the rates which shall not exceed 3 per cent, and the price not above 102¾.**

It also would sell $5,000,000 of additional common stock to Niagara Hudson Corp. (50,000 shares) and apply the combined proceeds with other funds to redemption of $55,000,000 of 3¾ per cent bonds now outstanding.

## Lord on Trip to Coast

Andrew J. Lord, president of Lord, Abbett & Co., Inc., 63 Wall Street, New York City, is on a trip to the Pacific Coast. Mr. Lord is due back in New York about March 12th.

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## B. G. Cantor & Co. Opens in New York

B. G. Cantor & Co. has been formed with offices at 61 Broadway, New York City, to act as dealer and broker in general market issues and special situations.

Partners are B. Gerald Cantor and L. Futerman, general partners, and J. Behrens, I. Greenberg and J. Cantor, special partners; Mr. Futerman is inactive.

Mr. B. G. Cantor was formerly manager of the investment department of Birnbaum & Co. Prior thereto he was manager of the real estate bond department of Alexander Eisemann & Co. Since August, 1943, he has been in the U. S. Army and saw active duty in the New Guinea campaign.

Formation of B. G. Cantor & Co. was previously reported in the "Financial Chronicle" of Feb. 15.

## Hayden, Stone & Co. To Admit Swan, Thoben

Hayden, Stone & Co., 25 Broad Street, New York City, members of the New York Stock Exchange and other leading exchanges, will admit Joseph E. Swan and Frederick W. Thoben to partnership in the firm as of March 1. Mr. Thoben, recently with E. F. Hutton & Co., in the past was associated with Mr. Swan as a partner in J. E. Swan & Co.

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NOTE—*From time to time, in this space, there will appear an article which we hope will be of interest to our fellow Americans. This is number seventy-seven of a series.*
SCHENLEY DISTILLERS CORP., NEW YORK

Symposium!

It is just too bad that every one of our citizens does not have an opportunity to read a symposium that just came to our desk. It is entitled "Voluntary Self Regulation in the Tavern and Liquor Store." Please note that word "voluntary."

The dispensing of and sale of alcoholic beverages carry with them a social responsibility. In this symposium the men who carry this responsibility tell what they are doing to prevent over-indulgence, which means *abuse*, and to promote temperance, which means *intelligent use*.

The symposium's pages are crowded with evidence of intensive efforts by both organizations and individuals in the retail branch of the alcoholic beverage business to cooperate in every possible way with liquor administrators and others, including the military authorities and the clergy. This evidence is clear-cut and proves a keen perception of the importance of sound community relations.

What a far cry from those late, lamentable years wherein the experiment of Prohibition was tried with such dismal failure in this country!

Unfortunately, we have with us today some undoubtedly sincere and well-meaning folk who would like "to try it again." We wish that they too would have an opportunity to read this symposium. Then we'd like to take them on a personally conducted tour for a visit to the "chamber of horrors" of an era which ended a little over eleven years ago. We are quite sure they would say, "Enough. Let's have no more of that ever, *ever* again. Take me out of here. I want to go back to—today!"

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## Registration Reinstated

The broker-dealer registration of Emanuel & Co., New York City, has been reinstated by the Securities and Exchange Commission. The company's registration had been suspended on Jan. 18 for transactions executed for the account of the Public Administration for New York County. The suspension was made because the commission said frauds were possible because of inadequate supervision on the part of the company and the handling of the account was entrusted to order clerks who sold at inadequate prices without supervision by any responsible person.

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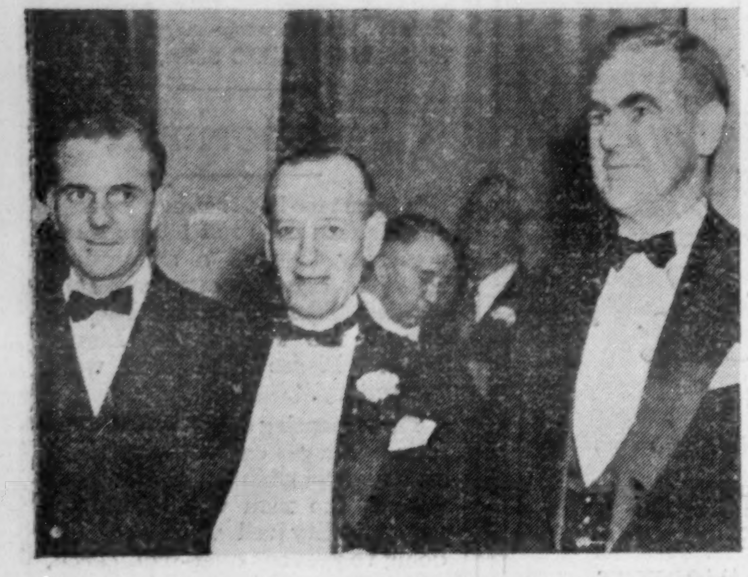

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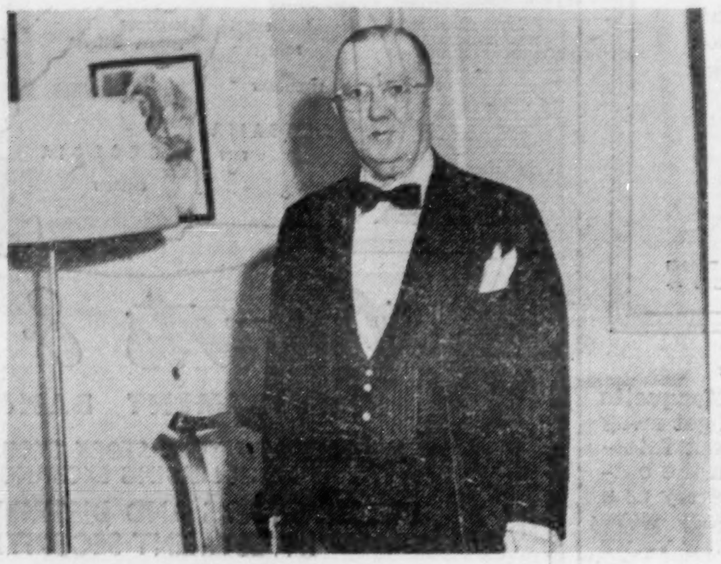

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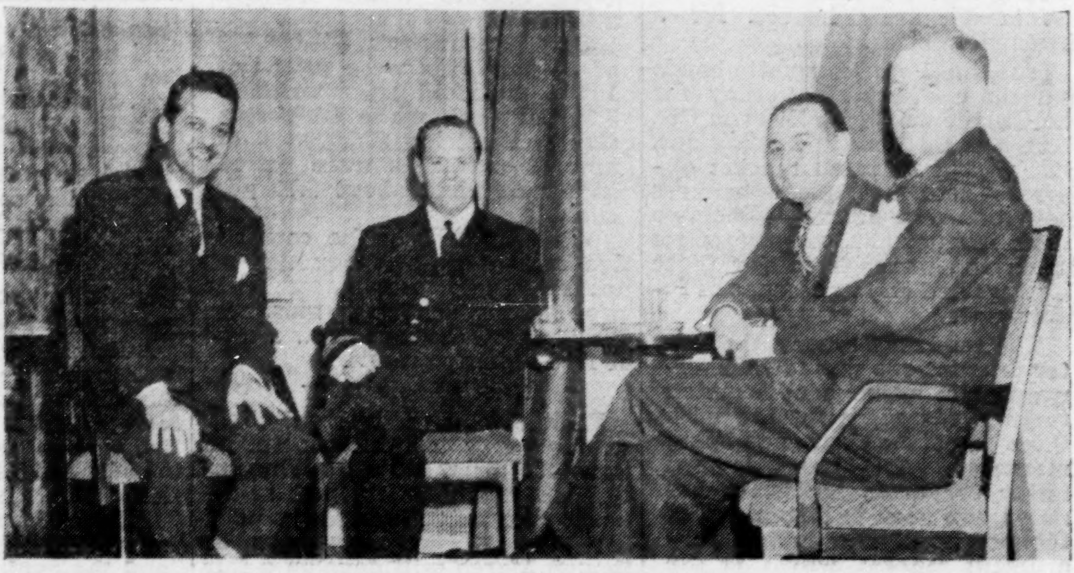

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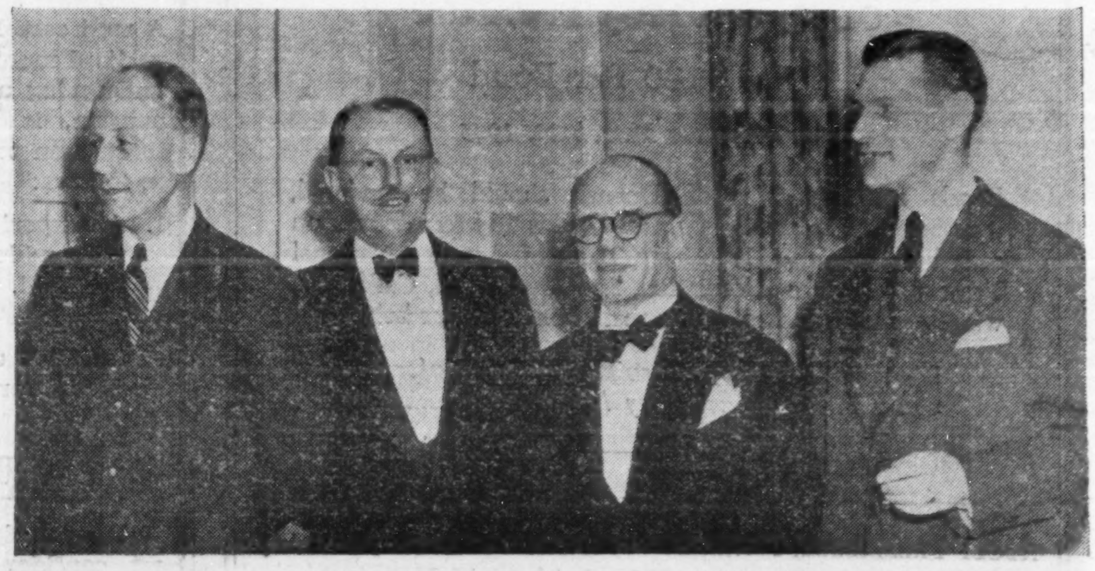

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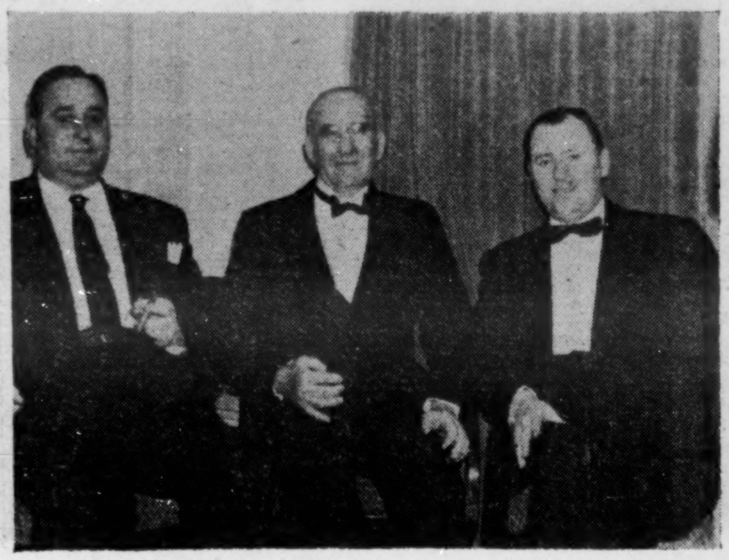
# Nineteenth Anniversary Dinner

F. H. Koller, *F. H. Koller & Co., Inc.* — Edward H. Robinson, *Schwabacher & Co.*



Abraham M. Metz, *Guest* — Ben E. Lindsly, *SEC*— Walter E. Tellier, *Tellier & Co.*

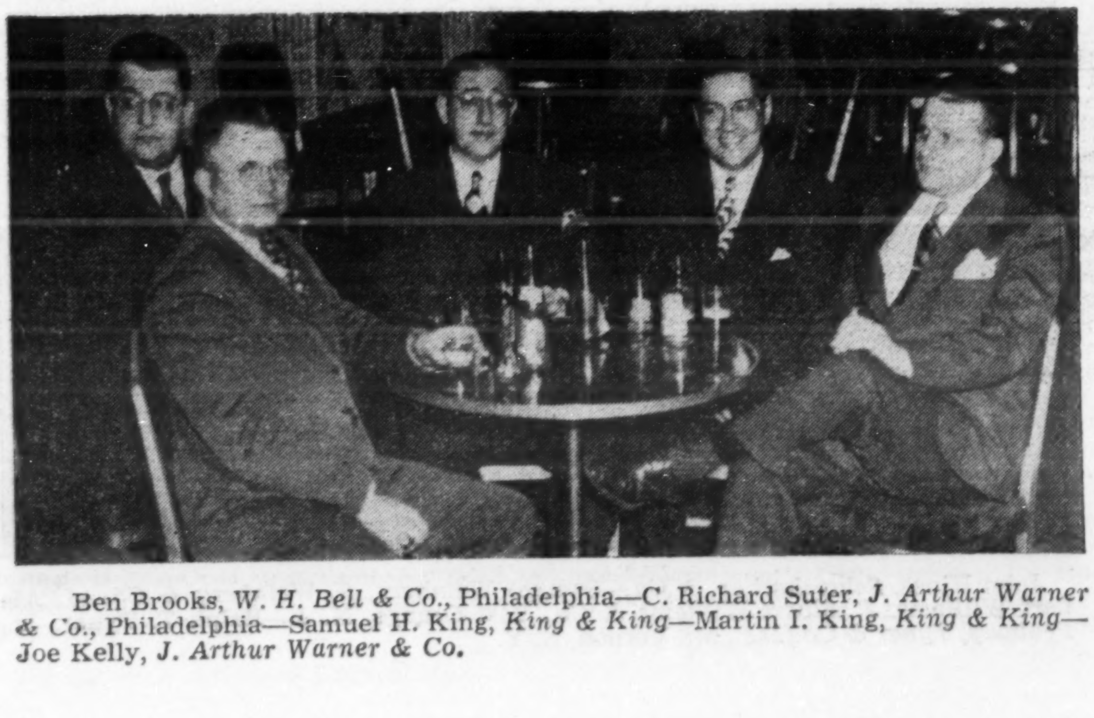
Lester Pett, *R. H. Johnson & Co.* — Murray Barysh, *Ernst & Co.*—Ned Breen, *R. H. Johnson & Co.*

John Hawkins, *Amott, Baker & Co.*—Harry R. Amott, *Amott, Baker & Co.*—E. H. de Bronkart, *Amott, Baker & Co.*—Geo. N. Lindsay, *Swiss-American Corporation.*

E. E. McClure, *Stein Bros. & Boyce*, Baltimore, Md.—Walter Floersheimer, *Sutro Bros. & Co.*—Frank Hall, *Pflugfelder, Bampton & Rust.*

Roland Betts, *Knickerbocker Fund*—Howard Von Dehsen, *Keystone Fund*—Wm. Roos, *MacBride, Miller & Co.*, Newark, N. J.—Frank H. Becker, *Guaranty Trust Co.* —Peter H. Schult, Jr., *Bonner & Gregory.*

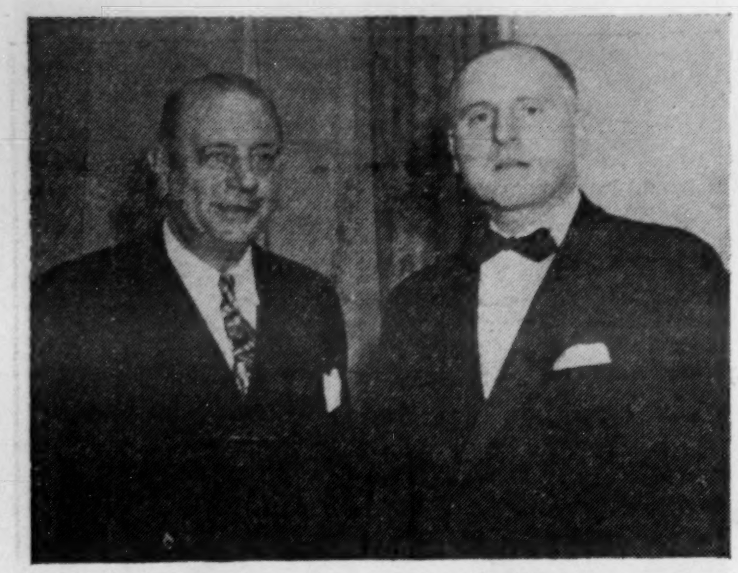
Louis S. Lebenthal, *Lebenthal & Co.*—Edwin Posner, *Andrews, Posner & Rothschild*—John A. Coleman, *Adler, Coleman & Co.*—Frank Gernon, *Carl M. Loeb, Rhoades & Co.*



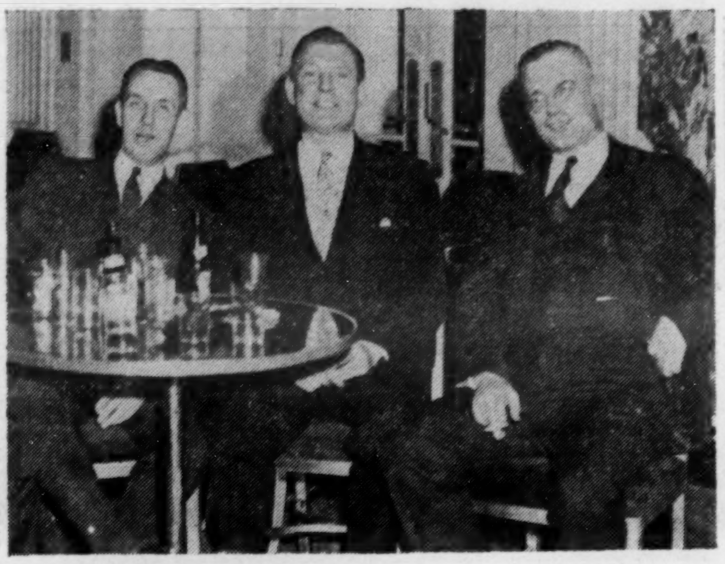
Ben Brooks, *W. H. Bell & Co.*, Philadelphia—C. Richard Suter, *J. Arthur Warner & Co.*, Philadelphia—Samuel H. King, *King & King*—Martin I. King, *King & King*— Joe Kelly, *J. Arthur Warner & Co.*

Lou Walker, *National Quotation Bureau*—Frank Scheffey, *NASD*, New York— John J. O'Kane, Jr., *John J. O'Kane, Jr. & Co.*—Harry Beebe, *Harriman Ripley & Co., Inc.*—C. E. Unterberg, *C. E. Unterberg & Co.*

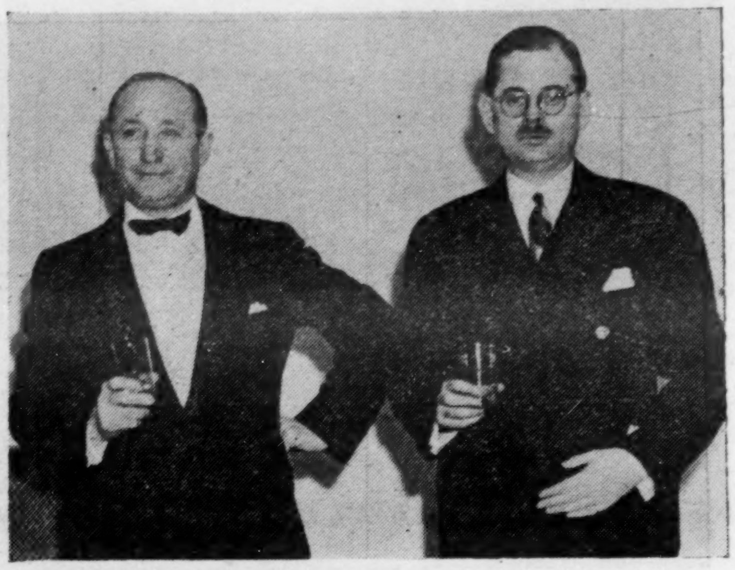
# Held February 15th At The Waldorf Astoria



Emil Schram, *President New York Stock Exchange*—C. E. Unterberg, *President New York Security Dealers Association.*



Ward Moore, *Chase National Bank*—Henry Bruns, *H. G. Bruns & Co.*—Geo. Hunt, *Starkweather & Co.*



F. J. Rabe, *F. J. Rabe & Co.*—Hanns E. Kuehner, *Joyce, Kuehner & Co.*

Herzog & Co.'s Table

Mitchell & Co.'s Table

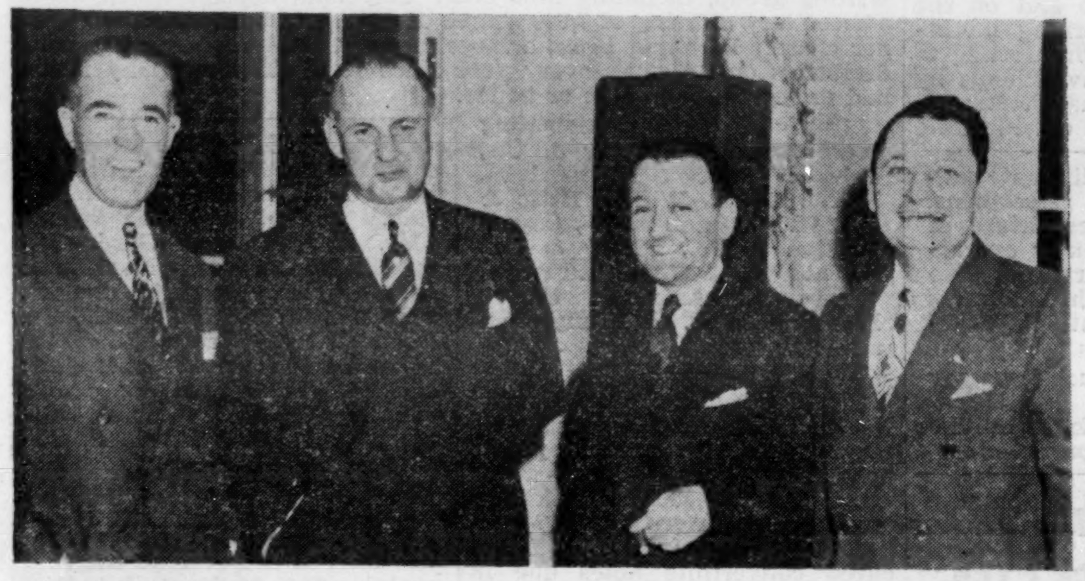
Geo. Textor, *Marine Midland Bank & Trust Co.*—Herbert Allen, *Allen & Company*—Tracy Engle, *Buckley Brothers,* New York City.

Edwin L. Beck, *Commercial & Financial Chronicle*—B. W. Pizzini, *B. W. Pizzini & Co.*—Frank Dunne, *Dunne & Co.*

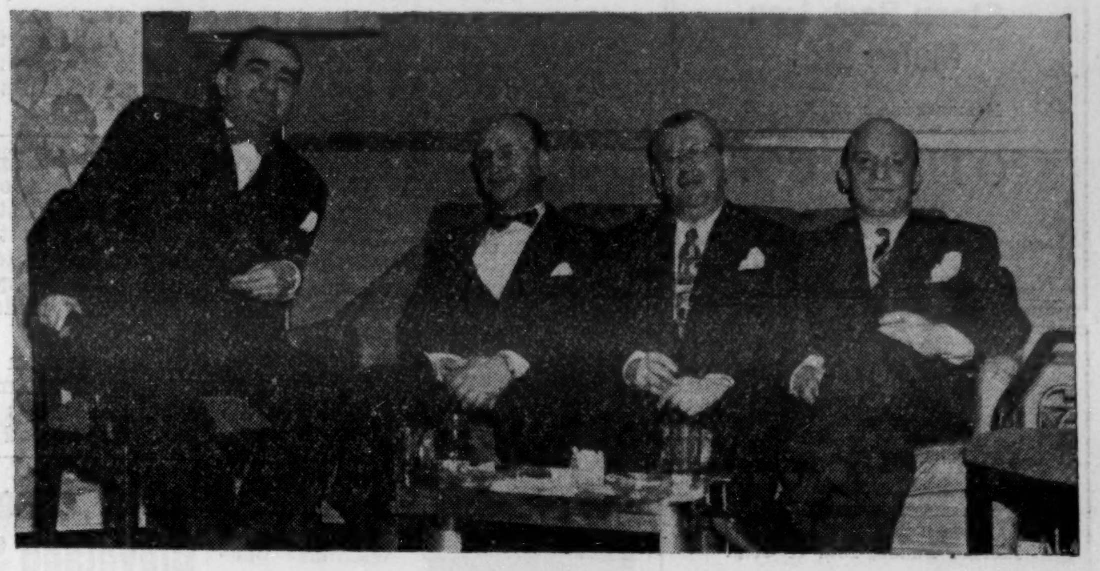
John H. Stevenson, *Ward & Co.*—Walter Nester, *The First Boston Corp.*—Al Malloy, *The First Boston Corp.*—Bert Seligman, *Ward & Co.*—Bob Whitbeck, *The First Boston Corp.*

John Hines, *Schwabacher & Co.*—Samuel Weinberg, *S. Weinberg & Co.*—J. Albert Williams, *J. Albert Williams & Co.,* East Orange, N. J.—Ralph T. Tyner, Jr., *Peabody, Tyner & Co., Inc.,* Mt. Vernon, N. Y.

# Attendance A Record At Dealers Get-together



J. F. Reilly, *J. F. Reilly & Co.*—H. H. Van Meter, *Allan N. Young & Co.*—Samuel E. Magid, *Hill, Thompson & Co.*—Irving Ehrlich, *Hill, Thompson & Co.*



H. Fredericks, *Ward & Co.*—M. F. Klein, *Ward & Co.*—M. Silver, *Empire Realty & Trading Corp.*—N. Sims Organ, *Ward & Co.*

Elmer Meyers, *B. W. Pizzini & Co., Inc.*—Frank Reynolds, *Albert Frank-Guenther Law & Co.*—A. J. O'Connor, *L. F. Rothschild & Co.*, Rochester, N. Y.—Eliot Hall Sharp, *The Investment Dealers Digest.*

Joseph G. Connolly, *SEC*—Allan MacDuffie, *SEC*—H. Victor Schwimmer, *Guest*—James Currie, Jr., *Troster, Currie & Summers.*

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# Say Yalta Conference Prolongs War

**Socialists Charge That the "Unconditional Surrender" Edict of Big Three Offers No Hope of a German Revolt Against Nazism. Hits "One-Sided" Russian Annexation of One-Third of Poland.**

The Big Three conference in the Crimea will "tend to make more speedy and certain the arrival of the next war," charged the Socialist Party in a statement issued on Feb. 16 by its national chairman, Professor Maynard C. Krueger of the University of Chicago, and National Secretary Harry Fleischman of New York.

"The most decisive failure of the Yalta conference was its refusal to take even the first step toward ending the war," declared the Socialist spokesman. "It offers no hope that a democratic German revolt against Nazism would be met with sympathy on the part of the Allies. Instead the Big Three repeat the bankrupt slogan of unconditional surrender, which has already lengthened the war."

"Only men with a touching faith in the ignorance of the public," added Krueger and Fleischman, "could at the same time agree to one-sided Russian annexation of a third of Poland and reaffirm their belief in the Atlantic Charter which condemns 'territorial changes that do not accord with the freely expressed wishes of the peoples concerned.'"

The Socialist leaders insisted that the Yalta decisions were "a program for World War III," and warned that while "sustained protest from liberty-loving people everywhere" would be needed to change it, the alternative would be "misery and war for decades to come."

The text of the statement by Professor Krueger and Mr. Fleischman follows:

Again three men have met to decide in secrecy the fate of two billion. And again the two billion have little cause for rejoicing in what lies in store for them. It is questionable whether any of the decisions reached in the Crimea will shorten this war by even a little; some may well prolong it. But it is certain that they will tend to make more speedy and certain the arrival of the next war.

The most decisive failure of the Yalta conference was its refusal to take even the first step toward ending the war. It offers no hope that a democratic German revolt against Nazism would be met with sympathy on the part of the Allies. Instead the Big Three repeat the bankrupt slogan of unconditional surrender, which has already lengthened the war. This fact becomes even more ironic when we recall that where unconditional surrender has been applied, as in Italy by Churchill and Roosevelt and in the Balkans by Stalin, it has meant the continuation in power of Fascists and near-fascists!

Roosevelt, Stalin and Churchill have again reaffirmed their "faith in the principles of the Atlantic Charter." But their violations of the Charter are now for the first time included with their affirmations in a single statement. Only men with a touching faith in the ignorance of the public could at the same time agree to one-sided Russian annexation of a third of Poland, and reaffirm their belief in the Atlantic Charter which condemns "territorial changes that do not accord with the freely expressed wishes of the peoples concerned."

Nor is there more reason to expect better observance of the Atlantic Charter pledge to "respect the right of all the peoples to choose the form of government under which they will live." This pledge is specifically reaffirmed—and then interpreted as justifying intervention by the Big Three "in any European liberated state or former Axis satellite state . . . **where in their judgment conditions require."**

What such intervention means to Churchill we have seen in Greece, where "to establish conditions of internal peace," he slaughtered thousands of Greek troops and installed notorious fascists in office. What it means to Stalin we have seen in Poland where Russian troops have hunted down, imprisoned or executed the members of the Polish underground, in the name of a puppet government.

The Crimea conferees have announced that the Lublin "Provisional Government" is to be "reorganized" by adding to it "other Polish democratic leaders." What degree of independence the resulting government will have can be seen from the fact that it will be formed in Moscow and operate under the supervision of the Red Army and the GPU. Nor does it seem likely that the "free and unfettered elections" which it will hold under these circumstances will mean any more than the "free and unfettered elections" held in the Soviet Union itself.

The Powers also pledge themselves to "consult the other United Nations and provisional authorities of other governments in Europe when matters of direct interest to them are under consideration." Was it because their boundaries and future government were not "of direct interest to them" that the Poles were not consulted at Teheran and Yalta?

The statement of principles in the declaration of the Crimean conference is the cheese in the mousetrap. And the peoples of the world are expected to be nice.

The conferees announce that the unconditional surrender terms will not be made known until the final defeat of Germany. Perhaps the clue to this strange silence can be found in the fact that, while stating that they have agreed on the **enforcement** of the terms to be imposed, they nowhere claim to have agreed on the terms themselves!

A program for World War III has been presented both to the people of the United States and of the world, as well as to the United Nations, conference which has been summoned to meet in San Francisco on April 25. To change it will be difficult and will require sustained protest from liberty-loving people everywhere; to accept it will assure misery and war for decades to come.

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# Peter Ross Printing Company Formed in NY

Peter Ross, formerly of National Quotation Bureau, Inc., New York City, has formed the Peter Ross Printing Co. with offices at 132 West 22nd Street, New York City. Mr. Ross for the past eight years has been manager of the quotation department of National Quotation. Prior thereto he was Executive Secretary of the New York Security Dealers Association from 1929 to 1938.

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# John T. Von der Heide With Georgeson & Co.

John T. Von der Heide has relinquished his position as Assistant Director of the Department of Stock List of the New York Stock Exchange in favor of a post on the executive staff of Georgeson & Co., 52 Wall Street, New York City, specialists in the preparation and presentation of corporate proposals and in the broad field of stockholder relations.

In recounting some of his experiences on the Exchange dating back to 1918, Mr. Von der Heide said it was astonishing to learn how many stockholders fail to discharge their duties as responsible investors. The difficulty, said Mr. Von der Heide, is too often due to apathy on the part of management in neglecting the importance of presenting the facts to stockholders in interesting reasonable form. The responsibilities of management to stockholders and of stockholders to management are becoming increasingly more important as we see democracy in finance adding day by day to the number of investors in our great American corporations.

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## New Haven Interest Payments

Pursuant to authority of the United States District Court of Connecticut, funds will be available on and after March 1, 1945, for the payment of interest on certain bonds and debentures of the New York, New Haven and Hartford RR. Total interest payment will approximate $7,929,760 on coupons due between May 1, 1942 and April 1, 1943. Payment will be made at Irving Trust Co., New York.

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**DIAMOND ALKALI**
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## AIB Cleveland Chapter To Hold Dinner

CLEVELAND, OHIO — William L. Underwood, Chairman of the publicity committee of the Cleveland Chapter, American Institute of Banking, announces the annual dinner will be held Saturday at the Hotel Statler.

## Pillsbury Tax Analyst For National City Bank

CLEVELAND, OHIO—George B. Pillsbury, an Internal Revenue agent at Cleveland for the past nine years, has been appointed as tax analyst by the National City Bank, President Sidney B. Congdon announced.

# Ohio Municipal Comment

### By J. AUSTIN WHITE

The State Legislature is now in session in Ohio and on the agenda are some proposed changes in the laws governing investments by State banks. Consequently it is more than interesting to compare some of the legal requirements governing investments by State banks in Ohio with such requirements for national banks:

J. Austin White

1. State Banks cannot legally buy a municipal bond outside Ohio that has defaulted for more than 90 days during the past 10 years. National banks need not consider past defaults.

2. State banks cannot legally buy revenue bonds (not general obligations) in any amount, in Ohio or out, without permission of the Superintendent of Banks. National banks can buy up to 10% of their capital and surplus in such revenue bonds without mentioning it to anybody.

3. State banks cannot legally buy general obligation municipals outside Ohio exceeding in amount 10% of capital and surplus for each subdivision. National banks are not limited in amount of general obligation bonds of any municipal.

4. State banks cannot legally buy a bond of a political subdivision outside Ohio unless the subdivision, or its predecessor subdivision, has been in existence at least 10 years. National banks have no such restriction.

5. State banks cannot legally buy bonds of a county outside Ohio that has a population of less than 10,000, nor of a city or town with a population of less than 1,000. National banks have no such restriction.

6. The State Banking Department recently decided that State banks cannot buy second mortgage revenue bonds in Ohio or elsewhere. To our knowledge, national banks have no such restriction.

7. State banks cannot legally buy municipal bonds outside Ohio if the net direct debt of the subdivision (arrived at in a technical manner that may not allow all proper deduction from gross debt) amounts to more than 10% of the assessed valuation of the subdivision (with no allowance made for property being assessed even at a small fraction of actual value). National banks have no such restriction.

**It is expected that the Legislature will be asked to eliminate this last restriction. It may very well be asked why the Legislature should not eliminate several of the other restrictions. Does the State Legislature of Ohio feel that bankers operating under State charters in Ohio are more stupid than bankers operating under national charters?**

The question of such laws governing investments by State banks, savings banks, insurance

(Continued on page 848)

## Cleveland Men Again On Advisory Board of Cleveland Reserve Bk.

CLEVELAND, OHIO—Re-appointment of five Cleveland industrialists to serve as the Industrial Advisory Committee of the Fourth (Cleveland) Federal Reserve District was announced on Feb. 19 by President Ray M. Gidney of the Federal Reserve Bank of Cleveland. Members of the committee, which recommends as to whether or not the Federal Reserve Bank should make an industrial loan, are:

Clifford F. Hood, President, American Steel & Wire Co.; Herbert P. Ladds, President, National Screw & Manufacturing Co.; Herman R. Neff, President, The George S. Ride Co.; Daniel C. Swander, Chairman of the Board, Columbian Vise & Manufacturing Co., and Winthrop W. Withington, Vice-President, American Fork & Hoe Co. Each term is for one year beginning March 1, 1945.

## Guy Prosser Pres. of Cleveland Stock Exch.

CLEVELAND, OHIO — Guy W. Prosser of Merrill Lynch, Pierce, Fenner & Beane, was elected President of the Cleveland Stock Exchange at the 45th annual meeting. Mr. Prosser, the only candidate for the post, has been Chairman of the Exchange's public relations committee which helped develop the modified sponsorship stock plan adopted late last year.

Following the meeting there was a dinner attended by representatives of Cleveland industry, banking and finance. Under the sponsorship plan, members issued invitations to officers of companies whose stocks are listed on the local board, inviting them to the dinner. Chairmen and Presidents of the large commercial banks were present.

Charles A. Otis, veteran of Cleveland business and finance, was the guest speaker at the dinner. He recalled his experiences in the financial district here since the turn of the century. He is a charter member of the Cleveland Exchange, having been elected to membership in May, 1899. Among the other "old timers" invited were William G. Mather, E. G. Tillotson, Peter Fahey, E. M. Baker, M. C. Harvey, W. S. Snyder and Eugene S. Halle, the last named still an active member of the Exchange after more than 44 years. He is proprietor of Will S. Halle & Co.

Russell I. Cunningham of Cunningham & Co., retiring from his second term as President, headed the nominating committee which named four candidates, two to be elected for three-year terms to the Board of Governors. They are: Norman V. Cole, of Ledogar, Horner & Co.; Douglas P. Handyside, of H. L. Emerson & Co.; Theodore Thoburn, of Hayden, Miller & Co., and Alvin J. Stiver, of Saunders, Stiver & Co.

The new President began his financial career in 1916 with Otis & Co. shortly after graduation from Kenyon College, where he starred in football, baseball and basketball.

He organized the firm's trading department three years later and remained there until 1931 when he went to E. A. Pierce & Co., now Merrill Lynch, Pierce, Fenner & Beane.

He is a member of the Cleveland Bond Club, Cleveland Security Traders Association and past President of the Optimist Club and the national alumni association of Kenyon.

Prosser has been Co-Chairman of the War Bond Committee in Shaker Heights, Cleveland suburb, for the past four drives and spends one night a week in volunteer work at St. Vincent Charity Hospital.

E. E. Finley of Finley & Co., and Charles B. Merrill of Merrill, Turben & Co. are candidates for a single governorship for an unexpired term ending next year.

# Ohio Brevities

McDonald & Co., and Cunningham & Co., managed an underwriting group, including nine other Cleveland houses, which made a secondary offering of 7,000 shares of Richman Bros. stock at $42.45 per share. Richman Bros., a large clothing manufacturer, has paid dividends on its stock every year since 1920. The company never had any preferred stock or bonds.

**Cleveland firms participating were Saunders, Stiver & Co., Prescott & Co., Maynord H. Murch & Co., Will S. Halle & Co., W. P. Quinn & Co., Cayne, Ralston & Co., Finley & Co., Hornblower & Weeks and Paine, Webber, Jackson & Curtis. Beadling & Co. of Youngstown also took part.**

Cleveland Trust Co., Central National Bank and National City Bank were in the bank group, headed by Chase National, which arranged a $28,335,000 bank loan for Alleghany Corp. for the purpose of refunding its 3¼% secured convertible notes due in 1954. An 8-year loan, the interest rate is 2½% except that, to the extent which the loan may be secured by U. S. Government securities, the interest rate will be 1¼%.

Standard Oil Co. of Ohio directors have proposed to split the outstanding common shares 2½ for 1, to increase the number of authorized common from 1,300,000 to 3,250,000 shares and to change the par value from $25 to $10 per share.

**The plan will be submitted at the annual meeting April 2, and if approved it is planned to place the new stock on a regular annual dividend basis of $1 a share.**

Three Cleveland firms are among 51 underwriting houses, headed by Blyth & Co., offering a new issue of $50,000,000 Pere Marquette Railway 35-year first mortgage bonds. The Blyth group won the issue on a competitive bid of 99.71 on a coupon rate of 3⅜%, an indicated average annual cost to company of about 3.383%. Cleveland houses are Hawley, Shepard & Co., Merrill, Turben & Co., and Curtiss, House & Co. The Ohio Co. of Columbus also participated in the underwriting.

Officials of Pere Marquette announced that the sale, which will net the road $49,855,000, has cleared the way for refinancing first mortgage debt, totalling $52,467,335. President R. J. Bowman stated "refunding when completed will itself effect debt reduction of $2,467,000. This will make total reduction of mortgage debt since October, 1942, $14,535,000, or 22½%."

Otis & Co., of Cleveland, and Halsey Stuart & Co. headed group which was awarded $35,000,000 Oklahoma Gas and Electric Co., refunding bonds on Monday. Their bid was 100.02 for 2¾s. William J. Mericka & Co., Cleveland, and First Cleveland Corp. were in the Halsey Otis group. New bonds, which run to 1975, refund an equal amount of 3¾s due in 1968. A Lehman-Blyth group offered 102.1679 for 2⅞s.

Sherwin-Williams Co., largest paint-makers in the world, is acting as its own underwriter in the proposed conversion of $10,248,000 of 5% preferred stock into a new issue bearing a 4% annual dividend rate.

Holders of the present 5% stock have the right to exchange their stock share for share until Mar. 15.

**Those not making the exchange will be paid $105 a share, the call redemption price.**

Directors will decide later whether sufficient stock has been deposited to make the plan effective.

John C. Lincoln, Chairman of the Board of Lincoln Electric Co., L. L. LeVeque of Columbus, and other Cleveland associates, have acquired 50% of the stock in 50 W. Broad Street, Inc., owner of the AIU Tower Bldg., Columbus, Ohio.

Mr. LeVeque and Gordon S. Macklin of Gordon S. Macklin & Co., Cleveland security dealers, were made directors of the W. Broad Street firm and later LeVeque was elected President; Macklin, Vice-President; Lawrence D. Stanley, Columbus, Secretary, and James Huffman, Columbus, State Director of Commerce, remained as Vice-President and Treasurer.

**The Lincoln LeVeque group has offered to purchase the remaining 50% of the stock in the 45-story building for $755,000, same amount as paid for the first half.**

John A. McWethy, manager of the "Wall Street Journal's" Cleveland office since 1940, has been promoted to manager of the paper's Chicago office. McWethy, a native of Cincinnati, came to the Cleveland bureau in 1937.

He will be succeeded by Edward J. Lally, Jr., recently released from the Army. He formerly was special correspondent for the "Journal" at Pittsburgh and had been a member of the news staff of the Pittsburgh "Press" and United Press prior to that time.

President John L. Collyer of B. F. Goodrich Co. has announced the company will construct a new research laboratory in Brecksville, Ohio, about 20 miles from the company's Akron operations and located between Cleveland and Akron.

Dr. H. E. Fritz, company research director, stated construction work will be started as soon as possible.

**In a statement issued by Mr. Collyer he declared "the company's heavy responsibility in the war effort, bringing additional demands upon the research division, make it advisable to establish this activity in a new location as present laboratory facilities are overtaxed. The decision to locate this important activity in Brecksville was made after thorough consideration of a number of other available sites."**

## Ohio Municipal Price Index

| Date— | * | † | ‡ | § |
|---|---|---|---|---|
| Feb. 14, 1945 | 1.30% | 1.47% | 1.14% | .33% |
| Feb. 7 | 1.31 | 1.48 | 1.15 | .33 |
| Jan. 17 | 1.33 | 1.49 | 1.17 | .32 |
| Dec. 13, 1944 | 1.34 | 1.51 | 1.18 | .33 |
| Nov 15 | 1.36 | 1.53 | 1.19 | .34 |
| Oct. 18 | 1.35 | 1.53 | 1.18 | .35 |
| Sep. 13 | 1.32 | 1.50 | 1.14 | .36 |
| Aug. 16 | 1.31 | 1.49 | 1.13 | .36 |
| July 12 | 1.31 | 1.48 | 1.15 | .33 |
| June 14 | 1.31 | 1.46 | 1.16 | .30 |
| May 17 | 1.31 | 1.46 | 1.16 | .30 |
| April 12 | 1.32 | 1.46 | 1.17 | .29 |
| Mar. 15 | 1.34 | 1.50 | 1.19 | .31 |
| Feb. 16 | 1.37 | 1.53 | 1.21 | .32 |
| Jan. 19 | 1.40 | 1.57 | 1.23 | .34 |
| Jan. 1, 1943 | 1.83 | 2.01 | 1.65 | .36 |
| Jan. 1, 1942 | 1.92 | 2.13 | 1.70 | .43 |
| Jan. 1, 1941 | 1.88 | 2.14 | 1.62 | .52 |
| Jan. 1, 1940 | 2.30 | 2.58 | 2.01 | .57 |
| Jan. 1, 1939 | 2.78 | 3.33 | 2.24 | 1.09 |
| Jan. 1, 1938 | 2.98 | 3.42 | 2.55 | .87 |

*Composite index for 20 bonds. †10 lower grade bonds. ‡10 high grade bonds. §Spread between high grade and lower grade bonds.

Foregoing data compiled by J. A. White & Co., Cincinnati.

## Beadling Becomes Member Of Cleveland Stock Exch.

YOUNGSTOWN, OHIO—William E. Beadling, president of Beadling & Co., Union National Bank Building, has acquired a membership on the Cleveland Stock Exchange. Mr. Beadling is well known to the Cleveland investment business.

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# Tomorrow's Markets Walter Whyte Says—

**Primary bull trend reemphasized by penetration into new high ground. Stops in issues held should now be raised.**

By WALTER WHYTE

The ink was hardly dry in last week's column when the market picked up its skirts and dashed for the heights. In accomplishing this it managed to get through not only the previous obstacles but also established that it was still in a bull trend.

* * *

The possibility that the market was heading for this kind of behavior was clearly discussed in the column of Feb. 1. "Present action," said the column, "is extremely tempting. For even if it doesn't show any immediate advance it minimizes the danger of immediate decline." In a preceding paragraph, in the same column, I wrote: ". . . the only pessimistic thing to look for now is something quite obvious—a general decline. But . . . if it (the decline) stops within circumscribed levels, it should not be alarming."

* * *

Since that was written the market did little of a positive nature. At least twice it seemed to threaten to go into a decline. This threat arose every time the averages approached a previous high point. It might be important to observe that failure to pass old highs is often the first indication of a trend reversal. Such failure may be translated into either a definite downturn usually accompanied by increased volume or by dullness. In the latter case dullness seldom carries averages down more than a point or so. In the former, averages are carried down a couple of points. But almost always this is followed by a rally. Seldom, however, does such a rally carry stocks above their previous highs. It is this inability to penetrate, followed by another reaction which usually goes

(Continued on page 854)

# Opportunities In Utility Securities

(Continued from first page)

as I want you to see it if I take just a little time for some background material.

I want to say right at the start that while utility securities have long been regarded as among the most desirable investments, they are today better and stronger than they have ever been before. Utility bonds are selling at new high prices. Of course, this is due partly to prevailing low interest rates but the fact that these bonds are in general much better protected than those put out a few years ago also enters into the picture. The refunding of preferred stocks on a lower dividend basis is proceeding gradually and I think you will see much more happening in this field as time goes on. Utility common stocks have become increasingly desirable as investment media and I think this particular class of securities is due to get increasing attention from both institutional and private investors.

In the background of all of this are the developments of a dozen years which would be material for a lecture in itself. A great deal of the improvement in utility securities can be attributed either directly or indirectly to the passing of the Public Utility Holding Company Act in 1935. I am one of those who feel that the over-all effects of the administration of this Act by the Securities and Exchange Commission have been very beneficial to investors. I think it is possible to make this statement in all sincerity and still not agree necessarily with every ruling or every line of reasoning which has come out of the Securities and Exchange Commission. The Federal Power Commission and many State Commissions have taken steps to strengthen regulation and I think it should be made very clear that the utility companies, themselves, have done a lot independently to put their houses in order.

### Post-War Outlook

We have had a little flurry in utility equities in the past month or two, but I feel that their potentialities have been by no means exhausted. Utility stocks are especially desirable for the post-war period. The industry has gained the confidence of investors because of its record of growth and progress, and there is no indication of any cessation of this trend. On the contrary, more and more high records are in prospect. Let us take a minute or two to analyze the post-war outlook for utility companies. Of course, we can see right away that there will be a considerable loss in the industrial load of these companies. A lot of plants which are operating for strictly war purposes and incidentally using a great deal of electricity will be closed down. A lot of other plants which have been operating on two or three shifts will return to a single shift operation. On the other hand, the net loss will be considerably less than this statement indicates because there are plenty of manufacturing plants through the country which have had to close down or curtail their operations during the war because they could not get necessary manpower or materials to carry on their usual business.

It should be made clear, however, that it is going to be a fairly easy job to make up revenues lost from industrial customers in other departments of the business because of the relatively low rate collected for industrial power. In 1944 the average revenue from industrial customers in the country at large was only 9 mills per kwh. whereas the average return from commercial business was 2.7 cents per kwh. and the average return from domestic customers was 3.5 cents per kwh. In other words, on the average, domestic business returned to companies about four times what the industrial business paid and the commercial business returned about three times. Now to be sure, average figures are a little misleading because rate schedules are set up with various increments. I have explored this angle, however, and have good authority for saying that a lot of the industrial business which will be lost has been returning the companies only from 5 mills to 8 mills per kwh. On the other hand, the domestic business which they have hope of picking up will usually return at least 1½ cents or 2 cents per kwh. and in most instances it will be more than this.

It should be obvious to everybody that the commercial load can be quickly and easily built up with the cessation of hostilities. The roadside hot-dog stands which have been closed will reopen, the corner filling stations will be going full blast again and many a small business which has had to shut down while the owner went to war or went into a defense plant will again be operating. The residential load has been up even in spite of the war and utility men with whom I have talked agree that possibilities in this field are enormous. In 1941, for example, the average consumption per domestic customer was under 1,000 kwh. Preliminary figures for 1944 indicate that the figure rose to around 1,140 kwh. This build-up has come in a period when it has been impossible for the industry to go after new business in any substantial way because appliances have been practically off the market. Some companies expect a 50% increase in their domestic load five years after the war and some companies say the increase will be 100%. In any event, it is going to be big. A lot of new homes are going to be built and these will have plenty of uses for electricity. All of the companies will aggressively sell merchandise again. A study of the National Electric Wholesalers Association made last year estimated that if appliances were back in the market in 1946 the volume of sales would be somewhere around double that of 1936. There are plenty of new or virtually new uses coming along including such things as television, air conditioning, home frozen food lockers, etc. Rural electrification is a big field which will be further exploited as labor and materials are available for line extensions. At present less than half of the farms of the country are electrified, according to a recent survey. Better standards of lighting are coming along all the time. People who are fearful that widespread use of fluorescent lighting will cut down electric consumption overlook the fact that many installations will be made in such a manner as to greatly increase the intensity of the lighting, so there will be no net loss of current sold.

Bear in mind that the electric industry has no reconversion problems. The electric current which comes off the bus bar now for industrial purposes can just as well be sold for domestic or commercial purposes. Generally speaking, it looks as if earnings before taxes should be back within a year or two after the war at the point where they have been during the war period. This is not an offhand statement but is based on some very careful studies which companies have made. One of the most impressive was introduced something over a year ago at an SEC hearing by the Commonwealth & Southern Corporation. They went so far as to have every individual company make up a budget of the power they thought they could sell within a couple of years after the war and went further to estimate their operating expenses before taxes. They were not "horseback" figures but were documented with schedules of actual gains and losses in revenue which they expected. In general, as I have said, it looked as if within a year or two their earnings would be back, overlooking any question of where Federal taxes would be. One of your own companies, Massachusetts Utilities Associates, put in a study before the SEC last year with somewhat similar conclusions.

Another consideration which enters into the picture is that the companies can concentrate generation in their newer and more efficient plants and make less use of high cost plants and purchased power. Many companies have had to use in regular service much of the time plants which ordinarily would be required only for peak or stand-by service. Just recently I did some work on a company which has some business of distinctly wartime character. Its return on such business was about 8½ mills per kwh. On the other hand, although the company can generate energy at around 3 mills per kwh., its facilities are inadequate and it has to buy power from other systems at an average cost of 7 mills. Obviously, power which costs 7 mills delivered to the company leaves little, if any, profit when sold at 8½ mills after allowing for transmission and distribution expenses, taxes and other items. My point is that a lot of these companies are carrying the war load at very little profit to themselves and in some cases it is hard to get back a new dollar for an old.

The end of the war will undoubtedly mean the repeal of year-round daylight saving. I have not yet seen figures for 1944 but it is estimated that in 1943 approximately 1,600,000,000 kwh. was the amount of savings by electric customers because of daylight saving right through the winter. The additional current

(Continued on page 840)

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COMMON SHARES
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| | 9-30-44 | 12-31-43 | 12-31-42 |
|---|---|---|---|
| Cash & Gov't Securities | $563,012 | $303,488 | $155,092 |
| Total Current Assets | 1,125,798 | 876,947 | 729,512 |
| Total Current Liabilities | 663,583 | 676,458 | 449,148 |

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# Opportunities In Utility Securities

(Continued from page 839)

used early in the morning was much less than the savings around the peak hours of the afternoon. This load should come back and much of it is in the higher-priced domestic and commercial categories. The dim-outs and brown-outs will be things of the past. The companies will be relieved of many extra expenses such as guards against sabotage and other wartime precautions.

My comments so far have referred especially to the electric companies, but without taking time for details, it seems to me that there are plenty of good things ahead for the gas companies also. This is particularly true in respect to companies which will be in the position to change over from artificial gas to natural gas. The increase in business which the gas companies can get when this conversion is made is very impressive. There is a big field ahead for additional house heating by gas and if the price of oil stays above pre-war levels, sales of gas house-heating installations should be easy. The gas people have not been asleep and they have been working on new appliances which should help them build their load. For example, just as the war broke out, manufacturers of gas equipment were getting in the position to offer a single self-contained package unit for all-year-round air conditioning, controlling the heating, cooling, humidification and filtration of air. In the opinion of several companies which went into the matter, a 5% saturation of homes with this equipment would double the net income of the average gas company.

### Tax Reliefs

One of the very most important items in the post-war outlook for utilties is the anticipation of some relief from taxes, especially excess profits taxes. Bear in mind that a goodly number of the utility companies have to pay excess profits taxes, although the extent to which a company is hit by these taxes depends on a number of variable factors. Some companies are setting aside between 15% and 20% of operating revenue for excess profits taxes, and this is a lot of money. There are plenty of them that pay out around 10% of their revenues for this purpose. There is a general feeling that excess profits taxes will be among the first to be reduced or repealed after the war. Of course, all of this money would not become available for the stockholders as the earnings now subject to excess profits taxes would become subject to normal taxes and surtaxes. However, there should be plenty of salvage for the security holders in a lot of these situations. All of these things make the post-war position of utilities look bright and will make their equity shares sought for.

Another very important consideration having a bearing on the future course of public utility common stocks is the search now going on for investments yielding a good return. With bond financing being done on the basis of less than 3% and with preferred stocks coming out now to return 4% and even less, the investor who has been accustomed to get 5%, 6% or more on his money is hard-pressed. This is particularly true with a private investor. The banks have reduced interest rates and the insurance companies have cut dividends and raised premiums, but the private investor does not like to cut his budget, especially when wartime taxes are high. If senior securities of utilities are going to continue to command the prices which they now do, I am wondering how long you will be able to buy the good common stocks to yield from 5% to 6% and in some cases even more.

So much for the background material, and now I would like to talk about individual situations.

### Effect of Public Utility Holding Act

The operations of the Public Utility Holding Company Act have brought a lot of new stocks to the market and a lot more are still to come. There is one section of the Act which is particularly responsible for this flow of new securities, and that is Section 11 (b). Under the terms of Section 11 (b) (1), holding companies are restricted to so-called integrated systems, and to qualify as an integrated system it is necessary for a group of properties to be pretty compact. Therefore a lot of companies are making moves to dispose of outlying properties which cannot qualify as part of an integrated system. Section 11 (b) (2) requires an equitable distribution of voting power and a capital structure which is not complicated. This has led to a revamping of the structures of some of these companies with new securities making their appearances as a part of the process. When holding companies have had to dispose of stocks of subsidiaries, they have done it sometimes through the medium of an underwriting group and at other times by direct distribution of shares to their own security holders. Other moves of a similar nature are in prospect.

Of the stocks which have come out by the underwriting route, I would mention Idaho Power, Public Service of Colorado and Houston Lighting & Power as among the earlier ones, and in 1944 we had Derby Gas & Electric, Central Illinois Electric & Gas and Empire District Electric. Coming on to the market through distribution to security holders have been, among others, the stocks of Philadelphia Electric, Consolidated Natural Gas and Delaware Power & Light. I ask you to recall the price levels which prevailed when these stocks first came out and compare them with the present markets. In the case of each company I have mentioned, the experience has been a pleasant and profitable one. To be sure, this has been partly due to a generally rising market, but this is not the whole story. After these stocks come out it takes a certain amount of time for people to become educated as to their merits, especially when stocks are in the hands of the public for the first time. In the case of stocks which are being distributed as liquidating dividends, they come on to the market in odd lots and the shares have to be combined into larger blocks for investment; there is pressure on the market while this process is going on. After a while these stocks begin to get a following, dealers get to work on them and they go into the hands of people who are interested in holding them for long-term investment; then the floating supply gets less and there is only one answer—the price goes up. Sometimes, as in the case of Idaho Power and Houston Lighting, the stocks become well enough distributed and are out in large enough quantity to warrant listing on the New York Stock Exchange.

Just to cite one example of how this assimilation process goes on, I would mention Delaware Power & Light which was distributed to the shareholders of United Gas Improvement Co. Every holder of U. G. I. common received 1/20th of a share of Delaware Power & Light for each share of U. G. I. This meant that many five-share and ten-share lots of Delaware were issued to people holding 100 or 200 shares of U. G. I. The stock began trading around 14 and for a long time was in the general vicinity of 15. Anyone who took the trouble to analyze this stock when it was first available could see that it was in the same league with such old-time, well-recognized stocks as Connecticut Light & Power and Consolidated Gas of Baltimore but the price-earnings ratio was substantially lower. The company began paying dividends at the rate of 20 cents quarterly and made two such payments. Then they stepped the quarterly payment up to 25 cents and while no announcement was made, I think we are reasonably safe in assuming that the stock is on a $1 annual basis. With this development, the stock has sold up to over 19. This is definitely an investment quality stock and its long-term potentialities have been by no means exploited fully. The company pays a substantial excess profits tax and it operates in a territory where post-war prospects are very good indeed. It is the type of stock which can be appropriately held by institutions who buy only high-grade equities. For example, one insurance company in the Middle West bought a block of 5,000 shares of the stock not long after it became available. Obviously the people who sized up the situation when the stock began trading and purchased it in the early days are now very happy.

### Recapitalization Issues

The same comment could be made about Idaho, Central Illinois, Empire District and others. I wish to emphasize that I think this is very likely the pattern that will be followed as many of these new stocks come on to the market. I urge you to be alert as each new stock comes along and I think you will find very often they sell in the early days for less than the price which they command after they have been out a little while.

I will give you a preview of some of the stocks coming along, but first will mention the creation of new securities from recapitalizations. For example, the old preferred stockholders of Community Power & Light had their preferred shares converted into common shares and in due course these were exchanged for common shares of a strong operating company, Southwestern Public Service. There was an offering of some of the Southwestern common a couple of years ago and the present price is about four times the offering price. This is an unusual case, perhaps, but it shows how these stocks find a true level. The present Puget Sound Power & Light common came from a recapitalization. Most of these shares went to the old preferred stockholders. I am not prepared to say whether this stock is a bargain at present prices but I can say that there is a very wide interest in the shares. In giving talks of this sort in various cities, I think there is no one stock I have been asked about as frequently as Puget Sound.

Looking ahead, I might mention first two pending recapitalization situations. Within a very few weeks I expect that the common stock of United Light and Railways Company will be on the market for the first time. This is being distributed to the preferred and common stockholders of United Light and Power Co. which is being liquidated. The present United Light and Power preferred will get five shares of United Light and Railways common and each share of United Light and Power common will get 1/20th of a share of United Light and Railways. This system has been doing an aggressive job of trying to integrate. It has sold a number of properties in outlying areas and is concentrating on building up a system in the Middle Western States of Illinois, Iowa, Missouri and Kansas. The backbone of what promises to be the remaining system are three strong companies, Kansas City Power & Light, Iowa Power & Light and Illinois-Iowa Electric & Gas. All of these would command high price-earnings ratios if directly available. The United Light and Railways common will probably go on a dividend basis fairly promptly as the system is in good cash position and the management recognizes that the old preferred stockholders went without dividends for many years. This stock is well worthy of your consideration for its long-term possibilities.

Another company which will have a change in its capital structure in due course is Buffalo, Niagara & Eastern Power. This company, now a subsidiary of Niagara Hudson, controls companies in the western part of New York with the most important operations around Buffalo and Niagara Falls. The company at present has $5 first preferred, $1.60 preferred, Class "A" and common stocks. The SEC has ordered it to change the three junior classes of stock into one class of common stock. Two plans were submitted for the fulfillment of this order, one by the company itself and one by its parent Niagara Hudson. There is a wide divergence in the two plans in so far as they relate to the percentage of new common to be given to the present $1.60 preferred and to the other junior shares. However, without going into all of the ramifications, I think we can safely assume that the $1.60 preferred now selling in the general vicinity of 22 will have to be taken care of in some way to reflect the fact that it has preference of $25 per share plus accrued dividends of about $4. Incidentally, both recapitalization plans provide that the $1.60 preferred shall be entitled to an adjusting dividend at the rate of $1.60 per share per annum for such period after January 1st of this year as it takes to make the plan effective.

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February 20, 1945

### "Dollars at a Discount"

It is still possible to buy "dollars at a discount" through the purchase of holding company securities selling for less than their break-up values. To be sure, the spread between market prices and estimated break-up values is less than it used to be but, on the other hand, these holding companies are making progress all the time toward the completion of their programs. I will mention quickly a few of the holding company situations where constructive developments are likely in the next few months.

The reorganization plan of Associated Gas & Electric has been approved by the SEC and the Federal District Court. It was appealed to the Circuit Court of Appeals and the decision of that court is looked for almost any time now. I realize that the name "Associated Gas & Electric" is repulsive to many investors but these people are overlooking what has happened in the five years in which this system has been operated by trustees appointed by the Federal Court. Under the terms of the reorganization plan the present bonds will receive stock in a new company. The intrinsic values behind this stock are greater than the present market price of the bonds and the new company is set up definitely as a liquidating vehicle. That means that it is expected in due course that the stocks of the underlying companies will be distributed although for tax reasons regional holding companies may be continued in existence for a while. This system has some excellent operating properties including Metropolitan Edison, Rochester Gas & Electric, New York State Electric & Gas, New Jersey Power & Light, and others. Incidentally, Associated Gas bonds are available both as listed and unlisted securities, so whichever type you prefer to work with there is a chance for you to take hold in this situation.

Some word should be heard in the next few weeks from the Federal District Court concerning the Standard Gas & Electric plan already approved by the SEC. This has an unusual feature in that the debentures are to be paid off by distribution of operating company common stocks and cash. If the plan is upheld and market levels remain as favorable, the items to be received on this distribution should be worth more than the present price of the Standard Gas debentures. Included in the proposed distribution are shares of Oklahoma Gas & Electric, Wisconsin Public Service, California Oregon Power, Mountain States Power and Pacific Gas & Electric. Three of these stocks have never been in the hands of the public before. I have been doing some preliminary work on these and am particularly impressed with the growth prospects in the Oklahoma territory. The Wisconsin stock will be very popular especially in the general section of the country where the company operates. California Oregon Power has done an outstanding job of electric load building. The Standard Gas preferreds have had quite a rise but are still selling at a discount from break-up values. The most important asset which will be left applicable to this stock is the common stock of Philadelphia Co. controlling utility properties around Pittsburgh.

It begins to look as if National Power & Light might finally liquidate this year and this would probably mean that stocks of Carolina Power & Light, Birmingham Electric, Pennsylvania Power & Light would come on the market. Of these stocks, I think Carolina Power & Light will be the most interesting. The Pennsylvania Power & Light has just had a very favorable rate base established by the Pennsylvania Commission but as the company now stands, the common stock equity represents little, if any, real investment on the part of the parent company. It remains to be seen whether an additional investment may have to be made in this equity before the company is finally cut loose.

Another situation which may be cleaned up this year is Midland United Co. This has been in the courts for about ten years. A compromise reorganization plan has already been approved by the SEC and the Federal Court and is now being balloted on by security holders. Owners of the $3 preferred stock of this company will receive shares of Public Service Company of Indiana and of a new company, Midland Realization Co. The stock of Public Service Company of Indiana is not new to investors but if you have not taken a look at it, you should do so as it is one of the most promising equities from a post-war standpoint. The company has been making remarkable strides in the last few years but inroads of wartime taxes have obscured some of the achievements if you look at the company only casually. What you should do here is to take a look at the trend of net income after taking care of all expenses and fixed charges but before providing for Federal taxes. This rose from around $1,865,000 as of 1938 to about $9,650,000 in the most recent 12 months period reported. Each year showed consistent increases over the year before. This has been due to good growth in the territory and also to remarkable improvement in operating efficiency and savings in fixed charges. This company is retaining in the business a little larger proportion of its earnings than some companies which are showing less growth but it would be foolish to pass up a situation of this kind for a difference of 1% in current yield when the future possibilities are so great. This company earned $1.90 a share in the 12 months ended November 30th while excess profits taxes provided for in the same period amounted to $5 a share. These were over 18% of operating revenues. The salvage for stockholders with any relief from taxes should be interesting.

Middle West Corp. will probably make another capital distribution this year. Somewhere along the line this company will distribute shares of Central and South West Utilities for which a recapitalization plan is now pending. This latter is a very promising system with its service area in the part of the country possessing some of the best growth prospects.

Northern States Power of Delaware has a plan pending which will mean issuing common stock of Northern States of Minnesota, the operating company, for the present preferred and class "A" stock of the holding company. This new common will be a very popular medium in the Middle Western market. The present preferred stock is paying a dividend while consummation of the plan is awaited.

Commonwealth & Southern preferred is a very good stock for investors who want a current return, and while the discount from immediate break-up values is not as large as in some other situations, the potentialities on a post-war basis are very great because Commonwealth & Southern has been one of the systems hardest hit by excess profits taxes. Sooner or later there will be a distribution of underlying securities, although I am pessimistic about the time element in this case because of determined opposition to some features of the plan in its present form. When, as and if the plan is consummated, distribution of Consumers Power common, Central Illinois Light common and other underlying stocks will be made. I have made an exhaustive study of Consumers Power and am extremely enthusiastic about this situation. When that common stock comes along it will be much sought after. Central Illinois Light will also be a very desirable stock and will have an investment quality which will command a high price-earnings ratio.

### Other Profit Possibilties

There are profit possibilities in a lot of the other holding company situations like the American Power & Light preferreds, Electric Power & Light preferreds, North American common, Engineers Public Service common and many others which lack of time prevents mentioning. The Engineers Public Service common looks particularly attractive for any accounts not insistent on current income. The management has indicated that no dividends are likely to be paid on the common for the present but, of course, the equity is building up for the patient holder.

Needless to say, study and analysis will reveal situations out of line in the utility field just as in others and purchases should be made thoughtfully and not indiscriminately. Furthermore, opportunities for profitable exchanges often present themselves. For example, at the moment there is a spread of about five points between the prices of Consolidated Edison common and North American Co. common; yet the latest 12 months' consolidated earnings were almost identical and the dividend return is similar except that North American pays its dividends on lots of 100 shares or over in stock of Pacific Gas & Electric Co. The net proceeds come out somewhere near the same. An interesting point, however, is that Consolidated Edison has been able to show only a very modest increase in earnings on its common stock before Federal taxes in the last few years. This comparison of earnings before Federal taxes is significant as it does away with the distortion due to the inequalities of the tax burdens on different companies. From 1939 to the 12 months ended Sept. 30, 1944, earnings for Consolidated Edison common before Federal taxes were up from about $34,350,000 to only about $38,700,000. In contrast with this, consolidated earnings for North American common stock before income taxes rose from around $22,000,000 in 1939 to over $37,000,000 in the latest 12 months. Consolidated Edison pays no excess profits taxes and North American Co. does. On a number of other bases of comparison, the North American stock looks as if it might be the more promising stock for the future especially as it is selling now for less than its break-up value. In my mind, there is little question which of the two stocks is cheaper in this market.

Another interesting comparison is that of the record of Peoples Gas Light & Coke in the last few years against Commonwealth Edison. I like Commonwealth Edison and think it is a desirable stock, but Peoples Gas Light has been coming along faster than some people realize, again because of the inroads of excess profits taxes. The net income of this company before provision for Federal taxes increased from about $3,150,000 in 1939 to over $11,100,000 in the 12 months ended last September, while in the same period the corresponding figure for the Commonwealth Edison Co. was going up from only $31,300,000 to about $45,500,000. Peoples Gas Light is appropriating over 15% of operating revenues to provide for excess profits taxes on normal operations, although it is not actually paying this amount because of non-recurring deductions.

The utility field is so broad and there are so many interesting things going on that it is hard to cover more than a few situations in a brief talk of this kind, but I would like to summarize by saying that the alert investor is going to find a lot of interesting opportunities in utility securities and would do well to watch closely developments in this field as they unfold.

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# Bank and Insurance Stocks

## This Week — Bank Stocks

### By E. A. VAN DEUSEN

A "best-seller" in the pre-1929 era was Stuart Chase's "Your Money's Worth." It struck a responsive chord with the public, for everybody likes to get his money's worth, including speculators and investors. What does the investor in bank stocks today get for his money? If he bases his selections on facts, he can do very well, but if on fancies, he may not do so well, for the relative attractiveness and investment value of bank stocks is far from uniform even among New York City's leaders. In fact the variation among individual stocks is very wide, as the accompanying tabulation brings out:

| | 2-14-45 Market Price | 1944 Net Oper. Earnings | Annual Dividend | Earning Yield | Dividend Yield | Earning Assets per $ of Market | U. S. Govt's. per $ of Market |
|---|---|---|---|---|---|---|---|
| Bank of Manhattan | $29½ | $2.40 | $1.00 | 8.1% | 3.4% | $15.84 | $9.33 |
| Bank of New York | 456 | 30.45 | 14.00 | 6.7 | 3.1 | 13.04 | 9.65 |
| Bankers Trust | 50¼ | 3.65 | 1.40 | 7.3 | 2.8 | 10.47 | 7.03 |
| Central Hanover | 117 | 7.42 | 4.00 | 6.3 | 3.4 | 13.10 | 9.49 |
| Chase | 43¾ | 2.54 | 1.40 | 5.8 | 3.2 | 13.09 | 8.96 |
| Chemical | 55 | 3.82 | 1.80 | 6.9 | 3.3 | 11.29 | 7.61 |
| Commercial | 55¾ | 4.36 | 1.60 | 7.8 | 2.9 | 11.35 | 9.13 |
| Continental | 25¼ | 2.01 | 0.80 | 8.0 | 3.2 | 14.01 | 6.08 |
| Corn Exchange | 58⅛ | 3.96 | 2.40 | 6.8 | 4.1 | 12.87 | 11.27 |
| First National | 1,875 | 103.71 | 80.00 | 5.5 | 4.3 | 5.50 | 4.30 |
| Guaranty Trust | 357 | 20.35 | 12.00 | 5.7 | 3.4 | 10.24 | 7.35 |
| Irving Trust | 18⅞ | 1.17 | 0.70 | 6.2 | 3.7 | 11.08 | 7.92 |
| Manufacturers Trust | 61⅝ | 6.06 | 2.00 | 9.8 | 3.3 | 14.14 | 10.39 |
| National City | 43¼ | 2.65 | 1.30 | 6.1 | 3.0 | 13.96 | 9.69 |
| New York Trust | 109¾ | 7.03 | 3.50 | 6.4 | 3.2 | 9.98 | 6.66 |
| Public | 46⅞ | 4.06 | 1.50 | 8.7 | 3.2 | 19.38 | 12.51 |
| U. S. Trust | 1,540 | 94.31 | 70.00 | 6.1 | 4.5 | 4.97 | 2.96 |
| Average of 17 | | | | 7.0% | 3.4% | $12.02 | $8.25 |

It will be noted that, based on market prices of Feb. 14 and the stocks of 17 of New York City's leading commercial banks, the average dollar invested today commands earning assets of $12.02, of which $8.25 are U. S. Government securities. Also, the average dividend yield is 3.4%, while the average earning yield is more than double, being 7.0%. This earning yield is based on net operating earnings and excludes security profits and recoveries. If these latter are included, the average earning yield would be approximately 9.5%.

The stock which gives the lowest dividend yield is Banker's Trust with 2.8%, including the 20% stock dividend of December, 1944. The highest dividend yield is 4.5% by United States Trust. Manufacturer's Trust provides the highest earning yield with 9.8% and First National the lowest with 5.5%.

Highest earning assets per dollar of investment are provided by Public National with $19.38; this stock, moreover, provides next to the highest earning yield of 8.7%. Lowest earning assets per dollar are $4.97 by United States Trust, and next to lowest are $5.50 by First National, both of which stocks are also in the low brackets on earning yield. With regard to U. S. Government securities, Public ranks top with $12.51 per dollar and U. S. Trust ranks lowest with $2.96 per dollar.

The following six stocks provide above-average earning yields: Bank of Manhattan, Bankers Trust, Commercial National, Continental National Bank & Trust, Manufacturers Trust and Public National. Their average earning yield is 8.3% and their average earning assets per dollar are $14.20. The 11 remaining banks, whose earning yields are below average, have an average earning yield of 6.2% and their average earning assets per dollar of market are $10.83. Thus there is a rough correlation between earning assets per dollar and earning yield.

The reason that the correlation is not more precise is due, principally, to the wide differences that exist between the banks as to the character and proportions of their earning assets. For example, First National's Governments represent 69% of total assets, whereas Bank of Manhattan's Governments represent only 47% of total assets. On the other hand, loans and discounts represent only 10% of First National's total assets but 29.5% of Manhattan's. Another point of difference is found in the average maturities, and consequently the yields of Government holdings. First National's average maturity to nearest call date is 5 years and 4 months compared with Manhattan's 4 years and 6 months. Another interesting example is Chase National, whose average maturity for Governments is only 2 years and 2 months, and since these represent 56.2% of total assets (vs. Manhattan's 47%), and loans and discounts represent 20.2% (vs. Manhattan's 29.5%), it should follow that Chase's earning yield would be lower than Manhattan's; and so it is, being 5.8% compared with 8.1%. However, Chase is the largest bank in the world and enjoys the prestige that naturally goes with this distinction, and the investor must pay for this. Nevertheless, the stock of Chase is one of the market favorites and has given a good account of itself since the lows of April, 1942, appreciating 121% compared with an average of approximately 90%.

"All roads lead to Rome," and all studies as to the relative investment values of bank stocks, or any other stocks, lead inevitably to the conclusion that careful selection coupled with a fair degree of diversification are essential if one is to achieve reasonably satisfactory investment results.

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# Clarence Unterberg Stresses Protection of Public Interest

(Continued from page 828)

our business—the stock exchanges, the NASD, the Securities Exchange Commission and State Commissioners of this area."

Continuing, he said: "Before proceeding with the few formal remarks I want to make, I want to express to the governors of our Association and to the membership as a whole my deep appreciation of the honor that has been paid to me. I can only say that my purpose is twofold—to serve you as effectively as may be in my power and capacity and to live up to the wealth of fine tradition that has been built up by my predecessors in the Presidency of the Association. The object of the Association is simply stated as '. . . to promote and uphold fair and equitable principles of trade, to maintain the highest standards of business ethics and integrity among the Association members, and thus promote both the interest of the investing public and of its members.' I pledge you my earnest desire to accomplish that purpose and assure you no energy will be spared in the interests of the welfare of our organization.

"Our guests, as I have said, are from the exchanges and the national body of dealers, the National Association of Securities Dealers. We have the Commissioners of the SEC and many of the staff of the Commission. As between us there probably always will be differences. We in the over-the-counter business will continue to guard our interests against what we may consider excessive ambitions of the exchanges, and the exchanges, on the other hand, will of course continue to look to our markets for additions to their lists. The Securities and Exchange Commission and the members of its staff will, I am certain, out of my own experience with them, pursue an aggressive course of enforcement of the statutes entrusted to them. And they will not be surprised to hear that we in our Association and, I imagine, the exchanges and the NASD, too, do not intend to be quiescent when any one of us is in disagreement with them. But let no one of us lose sight of the one duty each of us in our own field has assumed or had delegated to us—protection of the public interest. If we always remember that our ultimate success will be measured by how well we discharge that obligation I, for one, think that all else that intervenes is but a passing matter. More than that, I believe that if in our relations we keep that objective in mind, some of our differences will be simpler of solution. There should not at this date be room for disputes as between us which can be settled only in the heat of selfish controversy. There is opportunity for all in the business. Competition is the health of trade, and so long as we keep always before us our common objective the future is assured.

"In more direct ways opportunities if not demands beckon us. Of considerable personal interest to me over a period of years and in a most active sense for the past year, the subject of newspaper quotations on over-the-counter securities has been primary. I have been gratified to find that among the members of our Association there is an intense interest in advancing the business' service in the field. Quotations, it is generally recognized, are an instrument through which our markets can be extended and our everyday business advanced. These quotations should be the most accurate that can be compiled, should be completely policed and their publication ever widened. The principle that our over-the-counter market revolves around both a **wholesale and retail** market is vital to the advancement of that goal and that principle can be more widely disseminated through the circulation of actual retail quotations.

"Our Association and those engaged in the securities business everywhere have another compelling responsibility to the public. The New York Security Dealers have gone forcefully on record with a most constructive pledge on the score of public investments in defense and war bonds. It has said that it believes these bonds to be the best investments in the world and that their holders should not be induced to sell them in promotional schemes of whatever type. I am sure that I speak for every member of our Association as well as every honorable broker and dealer in the country when I say that that vow will be universally observed.

"More than ten million of our men and women are serving their country tonight in the uniforms of our military services. Hundreds of thousands of them are at this moment engaged in battle with the enemy. Hundreds, perhaps thousands, of them will be casualties before another day has closed. It is the least we, to whom they look to guide and protect the home front, shall not indulge in selfish acts when they give so much in complete unselfishness and anonymity. Our duty is clear. I'm sure we will not shirk it."

# Schram to Address N. Y. Chamber Mar. 1

Emil Schram, President of the New York Stock Exchange, will be the guest speaker at the monthly meeting of the Chamber of Commerce of the State of New York at 65 Liberty street at noon on March 1.

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# N. Y. Finance Institute Course in Science Of Selling Securities

As a result of the popular demand by the securities sales fraternity, the New York Institute of Finance, successor to the New York Stock Exchange Institute, is again conducting a course in "The Science of Selling Securities Successfully." This course, a practical exposition of all phases of securities merchandising, will begin Feb. 27th, with enrollment already reflecting the increased public interest in investments. Frank M. Cryan, general partner in Brady & Co., will continue as instructor.

The first lecture of the series will be given at 5:30 p. m. on February 27th at the Institute, 20 Broad Street, New York City.

# SEC Bars Unlisted Trading On Curb in Five Stocks

**Upholds NASD and the Issuers' Protests Against Exchange Dealings. SEC Points to Necessity for Imposing Restrictions on Issuers and Their Officers Equivalent to Those Required on Regularly Listed Securities If Applications Were Granted. Rejects Compulsory Listing Policy.**

A contest between the securities exchanges and the over-the-counter dealers, for the time being at least, was brought to a conclusion on Feb. 19 when the Securities and Exchange Commission in Philadelphia denied the application of the New York Curb Exchange to extend unlisted trading privileges to five common stocks. The Curb's application was made on the ground there exists in the vicinity of the Exchange "sufficiently widespread public distribution of such security and sufficient public trading activities therein to render the extension of unlisted trading necessary and appropriate in the public interest or for the protection of investors," as provided for by Section 12 (F) (3) of the Securities Exchange Act of 1934. The stocks involved were the common shares of the Lukens Steel Co., Merck & Co., Inc., Public Service Co. of Indiana, Warner & Swasey Co., and Puget Sound Power & Light Co. The application for trading in the Northern Natural Gas Co. shares was conditionally approved by the SEC, for the reason that it was a Registered Company under the Public Utility Holding Act, and that there was no holder of more than 10% of the shares.

The case, which was the first of its kind relating to unlisted common stocks was brought before the SEC last Fall, and hearings were conducted, at which attorneys for the NASD and for the companies, presented their objections to the Curb's application. A point in question related to the definition of "the vicinity" of the Curb. However, in its decision the SEC based its denial of the application mainly on the ground that to grant the privilege of unlisted trading on an Exchange would require that it subject the issuers, their officers and their directors, to "substantially equivalent duties and obligations" as those of concerns which had regularly applied for registered listing. This would mean that any holder of 10% or more of an "unlisted" company's securities would be required to report his dealings in the stocks to the Commission and also that the restrictions against "short selling would apply to them." It would mean also the enforcement of "proxy" regulations. If these "statutory duties" were not attached to a grant of unlisted trading privileges, the SEC contended, then "it is right that every issuer of a registered, large, active and widely distributed and active issue should be freed of the statutory duties or be freely admitted to the unlisted trading without consideration of the existence or imposition of equivalent duties." It added that in view of the fact that the companies did not voluntarily apply for the Exchange's trading privileges, the exercise of the power to grant these privileges under Section 12 of the Securities Exchange Act, which requires substantially the same restrictions as on registered securities, should be "exercised with caution." Otherwise, it would amount to imposing on the unregistered companies and their officers without their consent the same conditions as imposed on registered companies. It would, in the words of the SEC, "in effect thrust registration upon them."

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I made the trip to Georgia to find out one important thing. Our Engineers' report had been very favorable: Abundant raw materials . . . plenty of good soft water . . . year-round mild climate. Dependable electric power at low rates . . . excellent transportation facilities . . . ample post-war labor supply, especially in the smaller towns. A sound tax structure. But to me one thing was even more important: The *kind* of people we must work with and get along with. It won't take you long to find out that there is a widespread spirit of friendliness, mutual respect and confidence between workers and management in Georgia. Here are a people—99% native-born—whose American tradition of fair play is bred-in-the-bone. A people who believe in business enterprise and welcome new industry. A people with a deep-rooted conviction that an honest day's pay *deserves an honest day's work*. How much better it is to live and work among such people!

**HOW MUCH BETTER IT IS TO LIVE AND WORK AMONG SUCH PEOPLE**

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# Says Bretton Woods Proposals Do Not Provide For Exchange Stabilization

(Continued from page 826)

tary fund contains anything which provdes for stabilizing the currencies of the countries that became participants in the scheme.

Furthermore, to bring about stabilization of the currencies of members it would be necessary for them to balance their budgets and to live within their income. A balanced budget is an absolute prerequisite to the stabilization of the currency of any country. No slightest hint is given in the Bretton Woods proposal that even remotely suggests the need for balancing budgets as a requirement for stabilizing currencies.

The President says further:

> It does not create a single money for the world.

This can be very misleading. Section 1 (a) of article IV provides as follows:

> The par value of the currency of each member shall be expressed in terms of gold as a common denominator or in terms of the United States dollar of the weight and fineness in effect on July 1, 1944.

What terms could possibly be used to state more plainly that there shall be created a single money for international transactions than those contained in this paragraph? It provides that the par value of the currency of each member shall be expressed in terms either in some unnamed unit of gold or in terms of the United States dollar.

Now, whether the par value of the currency of a member was expressed in terms of a gold unit or in terms of the dollar, the arrangement would of necessity eventuate in a single currency for the world, certainly for international financial transactions. The par values of the currencies of all member countries would be regulated by either a selected unit of gold or the dollar

Should it be argued that the unit of value chosen to regulate the par values of members' currencies applies only to the transactions of the fund, that it would not involve those exchange transactions that took place outside the fund and that, therefore, the unit of account chosen by the fund would not become a single world money, the answer is that there cannot be more than one international standard of value. In fact, the Bretton Woods proposal takes care of this by vesting in the fund the power to regulate and control the world price of gold.

Furthermore, the way is left open in this paragraph for the adoption by the fund of Keynes' "Bancor," or Morgenthau's "Unitas," or any one of numerous other terms which have been suggested to designate the international unit of value.

The President, in his message, categorically denies that the scheme proposes to set up a "supergovernment," which also is untrue. The Bretton Woods proposal, even standing by itself, proposes the establishment of a world government. The body governing the fund would be vested with broad powers to pass legislation which would vitally affect the internal policies of the United States as well as other countries. Most of the decisions of the fund would be effectuated by a majority vote. Since the United States would have only 27% of the votes, the other countries would be in control, so far as this aspect of the apportionment of control is concerned. Article XVII provides for amendments to the proposals of the scheme. It provides for amending every provision in it with the exception of three, namely, the right to withdraw from the fund, the provision that no change in the members' quota shall be made without its consent, and the provision that no change may be made in the par value of a member's currency except on the proposal of that member. This last does not apply to the provision relating to making uniform changes in the par values of members' currencies.

In appraising the true significance of this proposal for an international monetary set-up, it should be realized first of all that the Congress of the United States would lose its power over our money which the Constitution vests in it. That power would go to the international body. The President, as the representative of the United States, would be in control of 27% of that power. With respect to some of the provisions, he would have what might be termed veto power, but it must be realized that the purposes and general plan of the scheme are such as would make the President an integral part of the world body in a manner similar to that of a Congressman representing his particular district but at the same time also the National Government as a whole under the Constitution.

Here are a few examples of the power of legislation that would be given to the scheme.

The fund could by a majority vote amend article IV, section 1 (a), which provides that the par value of the currency of each member shall be expressed in terms of gold as a common denominator or in terms of the United States dollar of the weight and fineness in effect on July 1, 1944, and make the unit of value of the world whatever it pleased.

It is provided that a country may borrow from the fund an amount equal to its quota. This could be changed by a majority vote so as to make is possible for a country to borrow in excess of its quota.

The proposal provides for the payment of small interest charges on loans made by the fund. This could be stricken by a majority vote so as to reduce or even eliminate all interest charges. It should be recalled that Morgenthau's draft proposal contained no provision for interest charges.

By amendment the United States could be made to directly assume debts owed by Great Britain to India, Egypt, South American, Scandinavian, and other countries which amount to upward of $12.000,000,000. It should be remembered that Morgenthau's two first draft proposals provided, at the suggestion of Lord Keynes, for the assumption by the United States of those debts.

Numerous other similar changes in the law which created this international scheme could be made by the international body.

Furthermore, President Roosevelt's statement that this does not set up a world government is not in harmony with the thought expressed by the father of this scheme, Lord John Maynard Keynes. In his proposal for an International Clearing Union, he says:

> The Union might become the pivot of the future economic government of the world.
>
> Without it other more desirable developments will find themselves impeded and unsupported. With it, they will fall into their place as parts of an ordered scheme.
>
> The Union might set up a clearing account in favor of international bodies charged with post-war relief, rehabilitation, and reconstruction. But it could go much further than this. For it might supplement contributions received from other sources by granting preliminary overdraft facilities in favor of these bodies, the overdraft being discharged over a period of years out of the reserve fund of the Union, or, if necessary, out of a levy on surplus credit balances. . . .
>
> The Union might set up an account in favor of any supernational policing body which may be charged with the duty of preserving the peace and maintaining international order. If any country were to infringe its properly authorized orders, the policing body might be entitled to request the governors of the Clearing Union to hold the clearing account of the delinquent country to its order and permit no further transactions on the account except by its authority. This would provide an excellent machinery for enforcing a financial blockade.
>
> The Union might set up an account in favor of international bodies charged with the management of a commodity control, and might finance stocks of commodities held by such bodies, allowing them overdraft facilities on their accounts up to an agreed maximum. By this means the financial problem of buffer stocks and ever-normal granaries could be effectively attacked.
>
> The Union might be linked up with a board for international investment. It might act on behalf of such a board and collect for them the annual service of their loans by automatically debiting the clearing account of the country concerned. . . .
>
> There are various methods by which the Clearing Union could use its influence and its powers to maintain stability of prices and to control the trade cycle. . . . If an international investment or development corporation is also set up together with a scheme of commodity controls for the control of stocks of the staple primary products, we might come to possess in these three institutions a powerful means of combating the evils of the trade cycle, by exercising contractionist or expansionist influence on the system as a whole or on particular sections. This is a large and important question which cannot be discussed adequately in this paper; and need not be examined at length in this place because it does not raise any important issues affecting the fundamental constitution of the proposed Union. It is mentioned here to complete the picture of the wider purposes which the foundation of the Clearing Union might be made to serve.

In line with Lord Keynes' suggestion for world government, the President recommended in the

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Just carrying on never seems important, yet it is, because it is carrying on in the right way which makes America a land different from all others. Playing the game fairly — keeping the home together — giving the children a chance to share the future of America — living our lives in the way of our own choosing — providing for our own futures.

In John Hancock seven million people are banded together for the purpose of making these hopes and ambitions come true.

**82nd Annual Report**
December 31, 1944

| | |
|---|---|
| **Total Admitted Assets** | **$1,631,326,701.06** |
| **Total Liabilities** | **$1,489,962,489.71** |
| **General Surplus Fund** | **$141,364,211.35** |
| **Total Insurance in Force** | **$6,803,793,028.00** |

Securities carried at $296,707.00 in the above statement are deposited for purposes required by law

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# Broker-Dealer Personnel Items

*If you contemplate making additions to your personnel please send in particulars to the Editor of The Financial Chronicle for publication in this column.*

(Special to THE FINANCIAL CHRONICLE)

BOSTON, MASS.—**H. Robinson Hyde** is with **Russell, Berg & Co.,** 75 Federal Street.

(Special to THE FINANCIAL CHRONICLE)

BOSTON, MASS.—**Dorothea S. Kidder** has joined the staff of **Trusteed Funds, Inc.,** 33 State St.

(Special to THE FINANCIAL CHRONICLE)

KANSAS CITY, MO.—**Philip G. Hovey** has become associated with **Prescott, Wright, Snider Co.,** 916 Baltimore Avenue.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, CAL.—**Thomas R. Peirsol, Jr.** has become connected with **Blyth & Co., Inc.,** 215 West Sixth Street.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, CAL. — **Hammond W. Jones** has become associated with **Gross, Van Court & Company,** 639 South Spring Street.

(Special to THE FINANCIAL CHRONICLE)

PALM BEACH, FLA.—**William H. Cates** is with **Truman A. Lifsey Co.,** First National Bank Building.

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, ME.—**Lester A. King** has become affiliated with **Whiting, Weeks & Stubbs,** 36 Federal Street, Boston, Mass.

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, ORE. — **Carl B. Weigel** has been added to the staff of **Conrad, Bruce & Co.,** 316 West Sixth Avenue.

## Halsey, Stuart Group Offers Oklahoma Gas And Electric Bonds

Halsey, Stuart & Co., Inc., headed a group of 135 dealers which on Feb. 21 offered $35,000,000 Oklahoma Gas and Electric Co. first mortgage bonds, Series due Feb. 1, 1975, 2¾%, at 101% and accrued interest. Proceeds from the sale of the bonds are to be applied towards the redemption of all of the $35,000,000 first mortgage bonds, 3¾% Series due 1966, presently outstanding.

The bonds, in the opinion of counsel, will be secured by an indenture which, except for permissible encumbrances and certain express exceptions, will constitute a first mortgage lien upon all property now owned by the company.

Associated with Halsey, Stuart & Co., Inc. in the offering are: Bear, Stearns & Co. Hallgarten & Co., Otis & Co., Inc., Phelps, Fenn & Co., R. W. Pressprich & Co., William Blair & Co., Putnam & Co., Dempsey & Co., Granbery, Marache & Lord, Ira Haupt & Co., The Milwaukee Co., Mullaney, Ross & Co., E. M. Newton & Co., Allison-William Co., Ames, Emerich & Co., Inc., Arnhold and S. Bleichroeder, Inc., Atkinson, Jones & Co., Atwill and Co., A. E. Aub & Co., Auchincloss, Parker & Redpath, The Bankers Bond Co., Inc., Barrow, Leary & Co., Jack M. Bass & Co., Baum, Bernheimer Co., Bingham, Sheldon & Co., Bioren & Co., Boettcher and Co., Braun, Monroe & Co., Brooke, Stokes & Co., Brooke, Tindall & Co., Caldwell Phillips Co., John B. Carroll & Co., C. F. Cassell & Co., City Securities Corp., Richard W. Clarke & Co., Cohu & Torrey, C. C. Collings & Co., Inc., Cooley & Co., Courts & Co., Cruttenden & Co., Dallas Union Trust Co., Davis, Skaggs & Co., R. L. Day & Co., Dewar, Robertson & Pancoast, Dittmar & Co., John M. Douglas, R. J. Edwards, Inc., Clement A. Evans & Co., Inc., Farwell, Chapman & Co., Ferris & Hardgrove, The First Cleveland Corp., Foster & Marshall, Green, Ellis & Anderson, Greenman & Cook, Inc., Gregory & Son, Inc., Hannahs, Ballin & Lee, Harley, Haydon & Co., Carter H. Harrison & Co., Robert Hawkins & Co., Inc., Heller, Bruce & Co., J. H. Hilsman & Co., Inc., Hirsch & Co., Indianapolis Bond and Share Corp., Janney & Co., Jenks, Kirkland & Co., Johnson, Lane, Space & Co., Inc., Kalman & Co., Inc., Thomas Kemp & Co., A. M. Kidder & Co., Laird, Bissell & Meeds, Loewi & Co., Martin, Burns & Corbett, Inc., Marx and Co., Mason-Hagan, Inc., Mason, Moran & Co., A. E. Masten & Co., Morris Mather & Co., McDonald-Moore & Co., McMaster, Hutchinson & Co., Wm. J. Mericka & Co., Inc., Metropolitan St. Louis Co., Milhous, Martin & McKnight, Inc., E. W. & R. C. Miller & Co., Minsch, Monell & Co., Moors & Cabot, Mosle and Moreland, Nashville Securities Co., Newburger & Hano, Newhard, Cook & Co., Nusloch, Baudean & Smith, Alfred O'Gara & Co., O'Neal, Alden & Co., Inc., Pacific Co. of California, Park-Shaughnessy & Co., Patterson, Copeland & Kendall, Inc., Peters, Writer & Christensen, Inc., Piper, Jaffray & Hopwood, F. L. Putnam & Co., Inc., Quail & Co., The Ranson-Davidson Co., Inc., Rauscher, Pierce & Co., Daniel F. Rice and Co., George V. Rotan Co., Russ & Co., Scott & Stringfellow, Seasongood & Mayer, Robert Showers, Sills, Minton & Co., Inc., Smart & Wagner, Inc., Starkweather & Co., Sterne, Agee & Leach, Stifel, Nicolaus & Co., Inc., Stix & Co., Walter Stokes & Co., Thomas H. Temple Co., Thomas & Co,. E. W. Thomas and Co., Townsend, Dabney & Tyson, Wachob-Bender Corp., H. C. Wainwright & Co., Washburn Co., Watkins, Morrow & Co., Watling, Lerchen & Co., Weil & Arnold, Welsh, Davis & Co., Wheelock & Cummins, Inc., White, Hattier & Sanford, The White Phillips Co., Inc., George H. Willis & Co., Woodard-Elwood & Co., Wurts, Dulles & Co., Wyatt, Neal & Waggoner, F. S. Yantis & Co., Inc., and Yarnall & Co.

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message here referred to the following:

> The establishment of the food and agriculture organization of the United Nations, broadening and strengthening of the Trade Agreements Act of 1934, international agreement for the reduction of trade barriers, the control of cartels and the orderly marketing of world surpluses of certain commodities, a revision of the Export-Import Bank, and an international oil agreement.

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## Now Francoeur & Co.

CHICAGO, ILL. — Francoeur, Moran & Company, 39 South La Salle Street, announces the change in the firm name to Francoeur & Company, as of February 15, 1945.

There has been no change in the personnel or officers of the company. Mr. L. V. Francoeur, President, started in business in 1933 as Francoeur & Company, the firm becoming Francoeur, Moran & Company in 1938.

Mr. Francoeur's investment experience dates back to 1914, having been associated with Peabody, Houghteling & Company until 1929, at which time he became Resident Manager of Hale, Waters & Company, Boston, Mass.

The firm deals in general market securities and, in addition, has specialized during the past several years in church and institutional financing.

# The Equitable

LIFE ASSURANCE SOCIETY OF THE UNITED STATES

reports on its progress in

*serving human needs*

★

THE PURPOSE of The Equitable is to serve human needs—to enable policyholders through co-operative action to achieve security to a degree that would not be possible through individual effort alone.

The Equitable during the past year continued to grow in usefulness to the American public and to the war economy of the nation. A total of $609,026,000 of new Equitable life insurance was purchased in 1944. This volume is a tribute to the foresight and patriotism of a large proportion of the American people, who are refraining from spending their money needlessly and instead are putting it aside for the future.

It is likewise a tribute to the work of Equitable agents in carrying the story of life insurance and its benefits to the public. Most people, even though they realize their need for the protection that life insurance provides, tend to defer its purchase and must be persuaded to do that which will mean much to their welfare and happiness.

The aggregate of Equitable protection at the year-end was $8,897,754,000—a record.

Benefit payments to policyholders and their families averaged *$26,000 an hour* throughout the past year, a total of $230,992,000.

The increase in dividend rates on most types of policies, put into effect last year, is being continued for 1945, thus maintaining the *low net cost* of Equitable protection. An aggregate of $43,801,000 is scheduled for distribution to policyholders as dividends during 1945.

The Equitable continued to grow in financial strength during 1944, assets increasing $318,329,000, a larger gain than in any previous year. Total assets are $3,507,983,000.

Holdings of United States Government obligations have increased to $1,568,317,000, representing policyholder funds directly helping to speed victory. In addition to the purchase of Government securities, The Equitable made diversified investments in corporate securities in 1944 at an average yield of 3.51%.

Life insurance is serving well in the war. It has extended and enlarged its protection of the American Family. It has helped those in distress. It has encouraged thrift and combated inflation. It has contributed greatly to the financing of the war.

In the peacetime future of our country, life insurance will be an equally dynamic factor. While continuing as a bulwark of family security, its investment funds will help industry speed reconversion and expand production, thereby providing jobs.

Life insurance investment funds have played an important role in the development of America. What life insurance has done in the past to aid the national economy, it will do on an even vaster scale and with larger inspiration in the America of tomorrow.

Thomas I. Parkinson
PRESIDENT

SEND FOR THIS!

Annual Report for 1944 on
YOUR POLICY
THE EQUITABLE LIFE ASSURANCE SOCIETY OF THE UNITED STATES

**FREE BOOKLET**

*—with real-life pictures and examples. Helps you arrange your own life insurance to get the greatest values. No obligation. Fill in coupon today and send to local office below or to 393 Seventh Avenue, New York 1, N. Y.*

Name____________________

Address____________________

City and State____________________

**THE EQUITABLE LIFE ASSURANCE SOCIETY OF THE UNITED STATES**

*A Mutual Company Incorporated under the Laws of New York State* *Thomas I. Parkinson, president*

DECEMBER 31, 1944

| *Assets* | |
|---|---|
| Cash | $ 69,233,004 |
| Bonds (including $6,157,046 on deposit with public authorities) | |
| United States Government Bonds | 1,568,317,000 |
| Other Bonds | 1,186,278,055 |
| Preferred and Guaranteed Stocks | 29,217,393 |
| Common Stocks | 882,857 |
| Mortgage Loans | 422,600,542 |
| Real Estate | 49,780,359 |
| Loans on Society's Policies | 130,187,180 |
| Interest and Rentals Due and Accrued | 24,618,683 |
| Premiums Receivable and Other Assets | 26,868,388 |
| Total Admitted Assets | $3,507,983,461 |

| *Reserves, Other Liabilities and Surplus* | |
|---|---|
| Reserves for Policy and Contract Liabilities | $3,195,182,932 |
| Policyholders' Prepaid Premiums | 40,952,821 |
| Reserve for Taxes | 8,820,000 |
| Miscellaneous Liabilities | 8,516,012 |
| 1945 Dividend Apportionment | 43,801,346 |
| Reserve for Unrealized Appreciation in Value of Non-Amortizable Bonds and Stocks (Excess of market or amortized value, whichever is lower, over ledger value) | 24,360,689 |
| Total Reserves and Other Liabilities | $3,321,633,800 |
| Unassigned Funds (Surplus) | 181,719,661 |
| Other Contingency Reserves | 4,630,000 |
| Total Reserves, Other Liabilities and Surplus | $3,507,983,461 |

In accordance with requirements of law, all bonds subject to amortization are stated at their amortized value, all other bonds and stocks are valued at the market quotations furnished by the National Association of Insurance Commissioners or at amortized value (in the case of bonds), whichever is lower.

**REAL ESTATE SECURITIES**

*Primary Markets in:*

**Hotel St. George, 4's**
**165 Broadway 4½'s**
**61 Broadway 6's**
**870 - 7th Ave. 4½'s**
**(Park Central Hotel)**
**N. Y. Athletic Club 2-5's**
**Beacon Hotel, 4's**

* * *

**SHASKAN & CO.**
*Members New York Stock Exchange*
*Members New York Curb Exchange*
40 EXCHANGE PL., N.Y. DIgby 4-4950
*Bell Teletype NY 1-953*

Real Estate
Securities

Prudence Bonds

★

**JOYCE, KUEHNER & CO.**
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**29 Broadway New York, N. Y.**
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## Gillett With Fewel & Co.

LOS ANGELES, CAL.—**Frank W. Gillett** is affiliated with **Fewel & Co.,** 453 South Spring Street.

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**Real Estate Securities**
*Since 1929*

**Seligman, Lubetkin & Co.**
**Incorporated**
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# Real Estate Securities

## Digest of Trustees' Bulletins on New York Title & Mortgage Company Series Certificate

**Series BK Mortgage Certificates**—During 1944 the Trustees sold 11 properties and secured satisfactions of 4 mortgages. Since the appointment of the Trustees 59 properties have been sold and satisfactions of 12 mortgages have been secured. The book investment in the 11 properties sold in 1944 amounted to $415,520. An asset gain to the Trust Estate in the amount of $18,391 resulted from these sales. The book cost of the 4 mortgages which were satisfied amounted to $323,757.20. They were satisfied at a discount of only $5,442.34. Total cash income for 1944 from mortgages and real estate amounted to $602,421.64, equivalent to a 5.27% return on the book cost. During 1944 principal distributions totaled 6% and interest distributions totaled 5% on the reduced face amount of the certificate which as of Jan. 1, 1945, was $830 for each original $1,000.

**Series C-2 Mortgage Certificates**—During 1944 the Trustees sold properties and mortgages having a book cost of $5,408,609.53. New mortgages created by sales of properties amounted to $2,535,000. Cash received from sales amounted to $1,920,362.65. The sum of $473,946.22 was received on account of the guaranty and general claims and allocated to the principal account. The principal property held by the Trustees at the beginning of the year amounted to $22,509,915.92. At the end of the year it had been reduced to $19,265,205.60. Assets in the principal account as of Dec. 31, 1944, included 33 mortgage and 32 fee-owned properties exclusive of the Hampshire House. Interest distributions for 1944 totaled 4%, principal distributions 10% to reduce the face amount of each original $1,000 certificate to $820.

**Series F-1 Mortgage Certificates**—During 1944 the Trustees sold 2 properties for all cash totaling $373,000. Also 16 other properties were sold, the total sales price being $4,005,000, the sum of $638,500 being received in cash and the balance being represented by purchase money mortgages. Total cash in the principal account at the beginning of the year amounted to $268,410.24. This sum increased by the cash from sales and from amortization payments on and sale of mortgages amounting to about $329,000 plus $334,000 claim money received plus a few miscellaneous items enabled the Trustees to distribute $1,629,821.27 principal to cercificate holders and leave a cash principal account balance at the end of the year amounting to $247,762.67. The income account cash balance at the beginning of the year amounted to $39,980.36, this balance being increased during 1944 by $767,466.08 as interest on mortgages and by $303,655.67 as net rent from properties owned plus some miscellaneous items enabled the Trustees to distribute $990,141.58 as interest and leave a cash balance of $29,961.96. At Dec. 31, 1944, the trust collateral consisted of 89 mortgages owned, amounting to $18,725,458.39 and 19 properties owned at a book cost of $3,494,508.30.

# Let Us Preserve Our Democracy!

(Continued from first page)

impulse and objective have passed. We must do so for our own future,—and for the future of that way of life we call democracy. For you and we have a peculiar responsibility to democracy.

Your war achievement has earned our highest admiration. In the latest offensive your First Army has again led the way. Your war production is magnificent.

As Chairman of the New York State War Finance Committee for the Third and Fourth War Loans I constantly faced the comparison between our New York results with 14 million people and yours with 12 million. You led us a hot race in the thoroughness of your organization and coverage and the response of your people. Figures are hard to compare but I confess to a belief that you have rather consistently made a little better record than we have.

You have definitely surpassed our country in your willingness to tax yourselves. From the first year of war you have raised 44 per cent of your budget with taxes—we have raised 38 per cent. Since I have no doubt you feel the pain, you are entitled to the credit. As to price control, with all proper qualifications and recognition that there is no good form of price control, I suspect you have done that better than we. You have had the political courage to make a gift to a war partner,—and call it a gift.

All of this you have done in the democratic way,—embarrassingly so sometimes.

No two countries in the world have so similar a concept and practice of democracy. We both inherit Magna Charta and the succeeding development of the Common Law with its protection of the rights of the individual,—even though he may belong to a minority. That is the essence of democracy—the supreme worth of the individual life. Democracy places responsibility for man's growth upon his own shoulders. It gives the individual freedom of choice, personal integrity, and opportunity. The democratic state rests on and derives its strength from the free will of its citizens and limits compulsion to those few situations where obedience is essential for the good of all.

In passing can anyone cite a better example of democracy between nations than the British Commonwealth of Nations? There is no written constitution or agreement. It lives by loyalty, by mutual respect, and enlightened self-interest. These are the motives under which democracy succeeds or fails.

**ACTIVE MARKETS**

**50 BROADWAY**
**3-6s 1946**

**SIEGEL & CO.**
39 Broadway, N.Y. 6 DIgby 4-2370
Teletype NY 1-1942

In the relations between your country and mine we have yet another sort of community of interest; it lies in a close kinship of democratic thinking and objective. In addition to our common heritage, we share a detachment from Old World customs; our society is more fluid; the opportunity of the individual is greater. We have a chance to work out here on this continent new contributions to democracy—rooted upon old and valued traditions but with an even freer air in which to grow.

That is our heritage and our opportunity which we share. How shall we nourish it and carry it forward—and what price must we pay to do so?—for we can be sure that there is a price to pay.

First, let us think about our relations with other countries. Today we are paying a great price to preserve our democracy—a price in human striving and suffering, and human life. We came dangerously near losing. There stood between us and humiliation only a few planes in British skies, only a few soldiers on Egypt's bloody sands and a few ships in a strip of water about Australia.

We must never come as close again. That means first that we must go ahead now and do a complete clean-up; so that the lesson is well and thoroughly rubbed in. Then we must so organize ourselves in mind and heart and the machinery of life that we shall never again be so unready. It was our very unreadiness which tempted and gave courage and confidence to our enemies.

### Instruments of International Peace

On one step in the program for peace all of us now are generally agreed, and that is the establishment of a world organization to enforce peace. The Dumbarton Oaks proposals are a start, and they were wisely put out for wide discussion before action was requested. At the three-power Yalta Conference we took further strides toward making them effective. There are also suggestions for a world court, for an economic council, and an organization to deal with world trade. In the area of finance, plans are further advanced in the form of the Bretton Woods proposals.

On all these fronts action is necessary. The principal dangers as I see them are first that we shall attempt to make these instruments so elaborate, in an effort to anticipate all contingencies, that we shall not get them working promptly, or they will break down from the weight of their machinery. I think Bretton Woods suffers from this weakness. Experience has demonstrated the difficulties of running international committees or commissions. They cover such a diversity of languages, interests, and even moralities. We must keep our plans just as simple and understandable as possible.

The second and more serious danger is that having set up an organization we may walk off and leave it to be run by civil servants and consider our job done. We in the United States,—in contrast of course to you in Canada,—place great reliance upon government machinery. Even a perfect set of international organizations will not work unless we stay on the job and make them work. Our task has just begun.

The strength of any organization to enforce peace will depend also on the military strength of its members. While we hope that the provision of means to settle disputes peacefully and the influence of a world organization will prevent war, we cannot be sure. In almost every generation there has been an aggressor who cared not for God or man, and we must be prepared to deal with that aggressor. In a day of V bombs, long range planes, and other new instruments of death we cannot again take a chance on arming after war starts.

To be prepared we must not only be strong ourselves but have strong friends. It is the fashion in our country to decry alliances and call them power politics. But a world organization will succeed only if a few principal powers get back of it and make it go. In nations, as with people, we shall have close friends and some less close. This is inevitable due to space, languages, history, and culture. Why pretend it is not so?

While there must be some firm commitments it would be unnecessary to attempt to define all these relations with precise treaties, just as a charter is not needed for the British Commonwealth of Nations. The important thing is that we should really understand each other through contact. We must go about it deliberately and vigorously,—and unlike signing a treaty we must never say—"Thank God—that's done." One of the most satisfying features of the Yalta Conference was its provision for continuing discussions.

In our relations with other countries, this then is what we must do to preserve our democracy from aggression: have international organization to keep the peace and organize economic relations, be strong ourselves, and have and hold strong friends.

### Dangers to Our Democracy

Now let's think a little about the internal problem.

The bankers and business men in our two countries today are rightly concerned about such problems as how reconversion will be handled, or what's going to happen about taxes, or how badly we may be hurt by inflation. But there is one problem which is far more fundamental and more urgent. It is simply this: All of us give lip service to demorcracy. We say that we believe in the democratic way of life. Well, do we? How much do we honestly believe in it?

We have lost some of our democracy, and most of that is our own fault. We have taken too much for granted. We in the U. S. have assumed that our Constitution, our Bill of Rights, our Supreme Court, and our carefully cherished political traditions were all the safeguards our country needed and we have at times forgotten the continuous vigilance needed in protecting individual rights.

It is characteristic of many subversive political changes that they come gradually and inconspicuously, here a little and there a little, gaining control more and more without seeming at a given moment to be doing anything very alarming.

The intentional enemies of demoracy, the avowed totalitarians, are few in number, but they are cold blooded, unscrupulous, and skillful; and they infiltrate idealistic groups. You and I, however, are mostly to blame when we advocate government controls to get special privileges. Selfish pressure groups are the principal enemies of democracy in our countries.

The war has hurried up the process of increasing the powers of government at the expense of freedom; for the war has made dictatorship attractive to many people. In a war a country must go totalitarian to some extent. So we have compulsion in raising an army, in fixing prices and wages, in levying taxes,—these are unavoidable.

### Post War Control Problems

For the moment, our whole objective is to carry through and win the war, but we must give sober thought to the direction in which we shall be moving when the war closes. The post-war problems will be complex and we are already committed in advance to many controls. In the United States both parties in the autumn election committed themselves to a floor under agricultural prices and that means controlling production. Certain of the inflation price controls, and certain types of rationing will continue at least for a time. National and international controls over the prices and production of some basic commodities are planned; also, controls over foreign exchange operations.

We are fairly well committed to the control of interest rates at low levels. There are likely to be other controls such as the continuance of control over consumer credit, and over security loans. We shall thus have increased regimentation of credit. There is strong pressure with us for government loans to small business.

Some of the new things I believe government will learn to do well and helpfully. We want to keep and improve our old age retirement system and unemployment insurance. We will keep controls over our security markets under the SEC. We shall have some forms of soil conservation.

Some things we can count on government to bungle pretty badly, as for example we have bungled the management of cotton prices and markets.

But the greatest question relates not to this or that specific control, but the overall effect of the accumulation of centralized power and its possible abuse. The danger is that unconsciously and by the force of circumstances we shall be influenced to accept the kind of government we don't really want. The larger the number of government employees the easier it is for a party to remain in power and begin to abuse its power. The more the economic life of a country is controlled by government the more freedom of life is restricted. It takes courage for example to criticize openly the official who has power to ruin your business; real freedom of speech is impaired.

### Small Business and Big Government

Again, one of the great virtues of our economic life has been its fluidity and the sign of that is the freedom with which employees become employers, starting business for themselves. Do you realize how the opportunity is being impaired by big government? The new employer faces higher costs—as a result of wage floors, social security, and many reports and regulations. He has to hire at once an accountant and lawyer. To meet higher costs business is constantly introducing more machines—a larger investment of capital. This makes it harder for the small man to compete. Every added extension of government regulations hurts the small employer. Most small firms grow from plowing back earnings; present taxes slow down this growth. These handicaps cut off new enterprise,—make it easier to remain an employee. They are threats to the strength and vitality of our democracy.

### How to Keep Democracy

Well, what can we do about it? If we want democracy, our first duty is for each of us in whatever walk of life he is to do his own job better and lessen the excuse for the government to be called in to take over.

Second, we have got to stand guard on ourselves to see that we don't ask for the special privileges and protections that are an open invitation to government to step in and take charge. How can we bankers and business men plead for freedom for enterprises if we ourselves come running to government with all sorts of schemes to escape the obligations and risks which private enterprise entails? There are some bankers for example who want government to guarantee their loans. This is the sort of thing we must guard against and our American Bankers Association has steadily opposed it in principle.

Third, we must pay more attention to political questions and their relation to us. It will no longer do to send just anybody to the Congress or Parliament. Their powers are too great. We must try to get more good people into legislative office and into the administration of government also. We ought to pay those people enough so that they can afford to give us good service.

Fourth, we must teach democracy. We can have sound democratic government only if we have voters who are emotionally alert to their responsibilities and who understand what they are voting about; and that does not happen automatically. At present in the United States, except for a few violent weeks of oratory preceding each election, almost the only people who really work on educating the voters are the left wing radicals. We need to work also, all the year through.

For example: We talk of Magna Charta and the Bill of Rights. How many voters have read them? You will remember that at the recent World's Fair in New York City, the United Kingdom Pavillion established a copy of the Magna Charta as its main exhibit down the center of the hall with the translation into modern English. All day long, month after month, American and foreign visitors crowded that hall, reading (most of them for the first time) those simple words which were the foundation of freedom. For many of us that exhibit stands out as the most significant contribution in the fair. Might it not be constructive if the Magna Charta were carefully studied in the upper grades of every school. In place of the traditional courses in 18th century English literature, why shouldn't our high school students study the great books and essays which have helped us formulate our democratic thinking?

In other professions we could do more towards public understanding of our countries' needs. Whenever intricate legislation is being considered by our law making bodies, for example, our lawyers might render a public service by saying to the rest of us: "Fellow Voters—that bill, stripped of its legal verbiage, boiled down, and translated into simple everyday language, means that—" How quickly our legislative bodies would hear from their constituents if some of those proposed bills were put into a form the people could understand!

Our leading banking associations in the United States have just done something of that sort in our report to the Congress on the Bretton Woods plan. What that report does is to give a simple analysis of the complicated proposals, show what they really involve, and state what the bankers believe is good in the plan, what is bad, and what might be done to improve the plan. Such activity we believe is a legitimate and necessary part of banking.

Finally, there is one form of public education in which we could all have a hand. We could make it the correct accepted practice to challenge our experts! Some of our public men, our college professors, and other experts are writing books and articles full of half truths and glittering generalities, and all too often get away with it. Ideas are still the most potent force in the world and I fear we are not giving them enough attention. Why should we blame the voters for following the leadership of demagogues when those of us with experience enough to know the truth are too busy or too cautious to challenge falsehood? If we are to have sound democratic government in our countries we must—all of us—accept responsibility for helping our voters and our law makers to judge whether what is told them is true or false.

The ferment of today about the future of our two countries is more wholesome than an unimaginative longing to return to normalcy. It is the ferment of progress. But it will boil over if it is not watched. The French Revolution became the dictatorship of Napoleon.

## Form West Coast Inv. Co.

TAMPA, FLA.—The West Coast Investment Company is being formed with offices at 305 Morgan Street. Officers are George T. Webb, president; J. J. Metz, secretary-treasurer, and H. C. Becker, vice-president.

## Pere Marquette Ry. Bonds Offered by Group at 100.92

An issue of $50,000,000 Pere Marquette Railway first mortgage 3⅜% bonds, Series D, due March 1, 1980, was offered formally Feb. 20 at a price of 100.92 to yield 3.33% by an investment banking group headed by Blyth & Co., Inc. Subject to approval by the Interstate Commerce Commission, the group won the award of the issue at a competitive sale Feb. 19 on a bid of 99.71. The bonds that will be offered to the public are part of an issue of $60,000,000, the remainder of which is being placed in the company's treasury.

R. J. Bowman, President of the railroad, said the sale, which will net the company $49,855,000, cleared the way for the refinancing of all of its outstanding first mortgage debt. Proceeds from the financing will be used to redeem $52,467,335 of such bonds now held by the public. Slated to be redeemed are $26,442,335 of Series A 5% bonds, due on July 1, 1956, at 105; $4,468,000 of Series B 4% bonds, due on July 1, 1956, at 100, and $21,557,000 of Series C 4½% bonds, due on March 1, 1980, at 105.

Associated with Blyth & Co., Inc., in the underwriting are:

The First Boston Corp.; Harriman Ripley & Co., Inc.; Kidder, Peabody & Co.; Kuhn, Loeb & Co.; Lazard Freres & Co.; Lehman Brothers; Mellon Securities Corp.; Smith, Barney & Co.; Stone & Webster and Blodget, Inc.; Drexel & Co.; Eastman, Dillon & Co.; Hornblower & Weeks; W. E. Hutton & Co.; Lee Higginson Corp.; Merrill Lynch, Pierce, Fenner & Beane; F. S. Moseley & Co.; Paine, Webber, Jackson & Curtis; E. H. Rollins & Sons, Inc.; Shields & Co.; White, Weld & Co.; Almstedt Brothers; Auchincloss, Parker & Redpath; William Blair & Co.; Alex. Brown & Sons; Central Republic Co., Inc.; Curtiss, House & Co.; R. L. Day & Co.; Equitable Securities Corp.; Estabrook & Co.; First of Michigan Corp.; Folger, Nolan, Inc.; Graham, Parsons & Co.; Harris, Hall & Co., Inc.; Hawley, Shepard & Co.; The Illinois Co.; Johnston, Lemon & Co.; Laurence M. Marks & Co.; Merrill, Turben & Co.; Newhard, Cook & Co.; the Ohio Co.; Reynolds & Co.; Chas. W. Scranton & Co.; William R. Staats Co.; Stein Bros. & Boyce; Stroud & Co., Inc.; Tucker Anthony & Co.; G. H. Walker & Co.; Wertheim & Co.; Whiting, Weeks & Stubbs; the Wisconsin Co.

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# THE NEW YORK, NEW HAVEN AND HARTFORD RAILROAD COMPANY

Howard S. Palmer, James Lee Loomis, Henry B. Sawyer, Trustees

### Treasury Department

New Haven, Connecticut
February 19, 1945

NOTICE TO HOLDERS OF CERTAIN BONDS AND DEBENTURES OF THE N. Y., N. H. & H. R. R. CO.

Pursuant to authority of the United States District Court for the District of Connecticut under Court Order No. 793, and subject to the terms, conditions and reservations contained in that Order, funds will be available on and after MARCH 1, 1945, at IRVING TRUST COMPANY, ONE WALL STREET, NEW YORK CITY, for the payment of interest for the periods and upon the issues shown below:

| | | | | Dates of Coupons To Be Paid | Amount per $1,000 bond |
|---|---|---|---|---|---|
| N.Y.,N.H.&H.R.R. | 4½s | 1st & Ref. 12/1/67 | | June 1, 1942 and Dec. 1, 1942 | $45.00 |
| " | 4s | 5/1/56 | | May 1, 1942 and Nov. 1, 1942 | 40.00 |
| " | 4s | 7/1/55 | | July 1, 1942 and Jan. 1, 1943 | 40.00 |
| " | 3½s | 1/1/56 | (Tax Free) | July 1, 1942 and Jan. 1, 1943 | 35.00 |
| " | 6s | 1/15/48 | | July 15, 1942 and Jan. 15, 1943 | 60.00 |
| " | 4s | 3/1/47 | | Sept. 1, 1942 and Mar. 1, 1943 | 40.00 |
| " | 3½s | 3/1/47 | | Sept. 1, 1942 and Mar. 1, 1943 | 35.00 |
| Consolidated Ry. | 4s | 7/1/54 | (Tax Free) | July 1, 1942 and Jan. 1, 1943 | 40.00 |
| " | 4s | 1/1/55 | (Tax Free) | July 1, 1942 and Jan. 1, 1943 | 40.00 |
| " | 4s | 1/1/56 | (Tax Free) | July 1, 1942 and Jan. 1, 1943 | 40.00 |
| " | 4s | 4/1/55 | (Tax Free) | Oct. 1, 1942 and Apr. 1, 1943 | 40.00 |
| #N.Y.,N.H.&H.R.R. | 3½s | 4/1/54 | (Tax Free) | Oct. 1, 1942 and Apr. 1, 1943 | 35.00 |

COUPONS MUST BE COLLECTED THROUGH REGULAR BANKING CHANNELS. Checks for payments of interest on fully registered bonds will be mailed to holders of record February 19, 1945. #Scrip certificates must be forwarded direct to Treasurer, 71 Meadow Street, New Haven 6, Conn.

| | | | | |
|---|---|---|---|---|
| *N.Y.,N.H.&H.R.R. | 6s | 4/1/40 | Interest from Apr. 1, 1944 to March 1, 1945 amounting to.................. | $51.12 |
| | | | and a PAYMENT ON PRINCIPAL OF.............................. | $39.00 |

* Bonds both registered and bearer form must be presented to IRVING TRUST COMPANY, ONE WALL STREET, NEW YORK CITY, for stamping of payments when collected.

When presenting coupons from tax free issues, only one ownership certificate Form 1000 or 1001 is required to cover the entire payment.

E. L. BARTHOLOMEW,
*Treasurer*

The New York New Haven and Hartford RAILROAD CO.

SERVING NEW YORK AND THE GREAT INDUSTRIAL STATES OF MASSACHUSETTS
RHODE ISLAND AND CONNECTICUT

# Mutual Funds

## Diversification

Two leading investment company sponsors, **Lord, Abbett** and **Keystone Corp.** stress the importance of diversification in their current bulletins.

**Lord, Abbett** points out in **Abstracts** that investors are often inclined to treat an investment in mutual fund shares as a **single issue** and allocate to it just a small percentage of their total investment capital. Actually, "the purchase of mutual fund shares . . . provides automatic, immediate and very wide diversification." For example, states Lord, Abbett, an investment in **American Business Shares**, while like a single issue in terms of convenience, would give the investor diversification among 96 different bonds and stocks.

**Keystone Corp.**, in the current issue of **Keynotes**, lists the 30 stocks in the Dow-Jones Industrial Average and shows that at current prices a 10-share holding of each would require a total investment of $23,001.20. While such diversification might seem adequate to some investors, it doesn't provide a fully-rounded investment program because it includes no bonds or preferred stocks and no rail or utility common stocks. With the same $23,000 invested in six of the **Keystone Funds**, a fully-rounded investment program can be obtained and the diversification instead of being limited to only 30 issues would include 155 bonds, 50 preferred stocks and 80 common stocks.

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### *Investment Program for 1945*

**National Securities and Research Corp.**, in a new four-page folder, discusses "Planning an Investment Program in 1945." The factors behind the current market are discussed and the unusual merits of mutual funds in planning an investment program are described briefly. Current data on the eight **National Funds** are presented with the suggestion that the investor consult his investment dealer for advice in constructing an investment program designed to meet successfully his individual requirements.

### *Larger Steel Company Reserves*

Using preliminary 1944 figures on U. S. Steel Corp. as an example, **Distributors Group** points out in its current issue of **Steel News** that steel company reserves are increasing. The figures for U. S. Steel Corp. show that, since the beginning of the European War, funded debt has been reduced 60%, while working capital has been increased 28% and special reserves now totaling $195 million have been increased 405%. During this period of rapidly increasing reserves, steel company earnings have also showed a net gain —$2.21 per share average for 21 leading steel companies in 1939, as compared with $3.20 per share last year.

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### *Investors Mutual*

The 1944 report of **Investors Mutual** reveals a continuation of the outstanding growth record which this company has established since its initial offering to investors on April 16, 1940. Net assets increased last year from $25,873,416 to $45,976,656. An interesting feature of this company's growth record is that from a total net asset value of only $285,142 on Dec. 31, 1940, assets have increased in each quarter without exception to the current figure of approximately $50 billion.

### *Trust Investment*

**Selected Investments Co.** has released an interesting memorandum on **Selected American Shares** in reference to their suitability for trust investment. Donald C. Miller, Vice-President of the Harris Trust & Savings Bank of Chicago is quoted at length.

**"For some years," writes Mr. Miller, "our bank has put 33⅓% in common stocks when investing on its sole responsibility, but has held somewhat larger percentages when the stocks were inherited. I strongly favor the purchase of common stocks for diversification and income. . . . Use of common stocks entails a somewhat greater responsibility and should not be undertaken by an institution unless it has a trained and experienced investment personnel and is willing to spend the time and money necessary to do a creditable job. . . ."**

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### *Bretton Woods*

Few Americans perhaps realize the significance of the agreements reached at Bretton Woods and what their implementation might mean to this country in the years to come. **Hugh W. Long & Co.**, in a move to throw light on this vital subject, has reprinted an article by Dr. Edwin Walter Kemmerer discussing "The American Dollar and the Bretton Woods Plan." Dr. Kemmerer is Professor Emeritus of International Finance at Princeton University and is Economic Consultant to **Manhattan Foundation, Inc.**, investment adviser to **New York Stocks** and **Manhattan Bond Fund.** His views deserve widespread publicity. We suggest you write to Hugh W. Long & Co., 48 Wall Street, New York, for a copy of this article.

### *How Commonwealth Does It*

**North American Securities Co.**, sponsor of **Commonwealth Investment Co.**, answers a question which apparently has often been asked of Commonwealth; namely, "How can a $2 million fund like Commonwealth maintain a management staff?" The answer turns out to be quite simple. The management staff which has done such an outstanding job for Commonwealth is **North American Investment Corp.** and has over $5 million of its own assets which it also manages. Thus, the funds managed total over $7 million and provide an adequate base for a competent staff, as demonstrated by the performance record of both funds.

### *When to Buy*

**Vance, Sanders**, in the current issue of **Brevits**, shows what "dollar averaging" will do when applied regularly to the purchase of **MIT**. Two examples are given—one starting July 15, 1929 and the other July 15, 1932, at practically the peak and at the very bottom of the greatest bull and bear market in all history. In each case $100 was applied to the purchase of MIT shares every three months. And amazing though it may seem, **the results for both investments on Jan. 15, 1945, were almost the same.** Average cost per share for the investment which commenced in 1929 was $21.59 as against $20.33 for the investment which started in 1932. In both examples, the investor had a nice "profit" after having received a very substantial rate of income on his funds.

### *Railroad Equipment Boom*

In a current issue of **Railroad Equipment News**, the surge of foreign orders on to the books of American rail equipment manufacturers is discussed by **Distributors Group.** Recent orders which have been reported include 300 locomotives for Belgium, 150 locomotives for Czechoslovakia, 700 locomotives for France and 690 for Russia.

The outlook for the railroad equipment industry is briefly summed up by this sponsor as "NEED + MONEY TO BUY = PROFITS."

### *Post-War Opportunities*

Predictions for the post-war world border on the fantastic, writes **National Securities & Research Corp.**, in a current memorandum on **Industrial Stocks Series.** Twelve new growth industries, represented by 63 companies, are included in the present portfolio of Industrial Stocks Series. Plastics, electronics, new drugs and chemicals, new alloys, air conditioning and refrigeration, insulation, synthetic rubber, aerodynamics, plywood, synthetic fibres and photography are included in the list.

### *Reduced Selling Commissions*

**Lord Abbett** has announced to affiliated dealers a new schedule of reduced selling commissions on large orders. On sales between $25,000 and $100,000, the present commission is reduced to 5% gross with 3% to the dealer and on sales above $100,000 the gross commission is reduced to 3% with 2% to the dealer.

### Mutual Fund Literature

**Keystone Corp.**—Current issue **Keystone Investor**: revised booklet "The Keystone Plan." . . . **National Securities & Research Corp.**—Revised portfolio folders on **National Preferred Stock Series** and **Industrial Stocks Series** . . . **Hugh W. Long & Co.**—February portfolio folder on **Manhattan Bond Fund** . . . **Selected Investments Co.**—Current issue of "These Things Seemed Important." . . . **Lord, Abbett**—Revised portfolio folders on **Union Bond Fund "C"** and **Union Preferred Stock Fund** . . . **Distributors Group**—Recent issue of **Steel News** and **Railroad News** (2) . . . **Hare's, Ltd.**—New folder, "Have the Earnings of New York City's Great Banks Become Depression-Proof?"

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# Ohio Municipal Comments

(Continued from page 838)

companies, trustees and fiduciaries is not one that can be disposed of lightly. Certainly, as we have maintained repeatedly in these columns and elsewhere, it seems especially important today that investments be of high quality. And no one should seriously object to such a program today, for quality is selling cheaper now than it has for many years, if not actually cheaper than it ever has, for the principal reason that all too few investors recognize quality, or the absence of it.

### Value of Restrictions Is Questionable

However, it is indeed questionable, at least, whether laws, rules and regulations of State Legislatures or of State banking departments can improve the quality of a bank's portfolio. The regulations cited above are especially questionable on this point. For example, there are plenty of second-grade municipals that have not defaulted during the past 10 years. Moreover, there are many high-grade municipals that have defaulted in such period. It may surprise many people to realize that the following communities here in Ohio are reported, at least, to have defaulted: Greenville, Madison County, Bowling Green, Defiance, East Cleveland School District, Fostoria, Fremont, Henry County, London, Mt. Vernon School District, Sandusky, Urbana, Wooster School District, Xenia School District. Yet scarcely any one would deny that these bonds are certainly of high quality. The important question is not, Has this community defaulted, but rather, Will it default?

Probably it is a good rule, out of deference to diversification, not to invest more than 10% of capital and surplus in the bonds of any one subdivision. Yet such a rule will by no means assure higher quality.

**In the first place, a bank can legally buy 10% in the city, 10% in the school district if it be a separate political subdivision and 10% in the county, and thus legally have 30% of its capital and surplus actually in one community. Moreover, quite likely there would be suburban subdivisions that could also be bought up to 10% for each.**

For example, in Los Angeles County alone there are more than enough subdivisions to allow a bank legally to have 100% of its capital and surplus in the one metropolitan area. In the second place, it would be far better for a bank to have 50% of its capital and surplus in bonds of Milwaukee, Salt Lake City, Omaha or San Francisco than to have 5% in Knoxville (Tenn.), 5% in Detroit and 5% in Yonkers, N. Y.

Whether or not a subdivision has been in existence 10 years, in itself, has little or no bearing on the quality of its bonds. Nor does the size of a subdivision, in itself, have any bearing on its quality as a credit risk, at least so far as its general obligation bonds are concerned.

A subdivision with a net direct debt of slightly less than 10% of its assessed valuation would be legal but it may or may not be of high quality. The true debt burden must be based upon over-all net debt in relation to actual value. Yet the law makes no provision for a consideration of the overlapping debt. Consequently many bonds are legal investments even though their actual debt burden is far too heavy, for the law considers only the direct debt. On the other hand, some communities that actually have a light debt burden, on the basis of actual value of property, but wherein property is assessed at a small percentage of actual value, are not legal investments because the law allows only 10% of the assessed valuation.

**Finally, the present law is impracticable for the further reason that an actual debt burden of 10% is too heavy, especially if it represents only the direct debt, which is all the present law considers.**

Despite all the restrictions listed above, which apply only to investments in municipal securities, we have seen the portfolios of many State banks that are cluttered with second-grade municipals. If the banker is too much interested in income and too little interested in security, if he thinks all municipals are "good," or if he actually doesn't know a "good" municipal from a weak one, he will find that he can buy untold amounts of second-grade bonds that are quite legal under all of the above restrictions but are yet lacking in quality.

**In brief, these laws do not assure a high-grade portfolio of municipals in State banks, and it is debatable whether or not they even tend to improve the quality of such portfolios.**

### Value of Prudence

It is appropriate to mention that a committee representing the savings banks in New York State, after long and careful consideration, recommend that the Legislature of New York abolish existing restrictions on investments and substitute therefor only the requirement of prudence. Such a requirement of prudence in Ohio would be better than all our present laws, if bankers are prudent investors. Experience would indicate that possibly they are not prudent, perhaps not even on the average. Yet, certainly, experience proves that it is impossible to legislate prudence, in any field, not merely in the field of investments.

**Possibly a program of education, of and by the banking authorities, of the bankers, would be far better than all our present laws governing State bank investments. Certainly we have noticed that some bankers are quite amenable to informal suggestions (not formal criticism) that the quality of their portfolios be improved.**

Finally, it seems quite pertinent to ask why State banks should be more restricted in investments than are national banks. Has the history of State banks been less favorable than that of national banks?

Suggestions for further change in the present laws governing State banks in Ohio might well be sent to the Superintendent of Banks, State Office Building, Columbus, Ohio, or, by members, to the Ohio Bankers Association, 33 North High Street, Columbus, O.

# Hearings On the Boren Bill Concluded

(Continued from page 827)

municipal securities. Mr. Purcell observed that SEC is not interested in the securities, but in open-market trading therein.

Since it had been contended by Mr. Weigold and other witnesses that the opportunities for fraud in the municipal and State securities business are negligible, Mr. Purcell cited to the committee two such instances of fraud or alleged fraud. One of these was the case of the Central Securities Corporation tried in 1942 before the U. S. District Court in the Northern District of Indiana.

Secondly, Mr. Purcell mentioned that there are two such criminal cases now pending in Kansas. Committee members asked Mr. Purcell whether there were many such cases, and how many there were, but the witness was unable to state exactly.

A point made by several witnesses Tuesday was that Congress has not the power under the constitution to delegate to any executive department the power to define a fraud, a point which the SEC seems willing to argue. Mr. Purcell told the committee that SEC is an independent agency, a creature of Congress, and not a branch of the executive department. He said SEC's functions differ from those of executive departments, and that it should remain distinctive.

As to SEC's constitutional powers, Mr. Purcell cited the decision of the Second Circuit Court of Appeals, Charles Hughes & Co. vs. SEC, handed down Dec. 10, 1943.

Congressman Boren interrupted to make the point that his bill, incidentally, does not raise the question of constitutionality and that he regards this as an extraneous matter.

Mr. Purcell rejected allegations of damaging effects of the SEC's August, 1942, "proposed rule" on the securities markets, dealers, or marketability of municipals.

Congressman John W. Murphy (Dem., Pa.) questioned whether Section 4 of the Boren bill does not go beyond State and municipal securities, and affect all corporate securities, but Mr. Boren stressed that his bill will not hamper the powers of the SEC in respect to private securities. Moreover, Mr. Boren expressed willingness that his bill be specifically limited, so as to take care of the point Representative Murphy raised.

Earlier, during the testimony of Tom O'Keefe of Columbus, Ohio, spokesman for that State's teachers' retirement system, Congressman Alfred Bulwinkle (Dem., N. C.) cited the late Samuel Insull as a reason why there should be protection of investors in municipals.

At the close of the hearing Congressman Boren expressed himself as satisfied with the presentation. "The hearings now completed before the full Interstate and Foreign Commerce Committee on HR 693," Congressman Boren stated, "have clearly and completely presented the facts essential to an intelligent understanding and correct determination of the issue at stake in the bill. The testimony crystallized the issues. In their testimony, the SEC claims the power to regulate transactions in municipal securities, although limiting their intentions to the open market. But with or without limitation. It is that claim that motivated by introduction of the bill. It is that issue that Congress must determine.

"I believe," Congressman Boren continued, "the Congress has in all its legislation affecting the regulation of securities clearly understood the grave dangers of Federal regulatory control over State and municipal finance, directly or indirectly. The clear intent of Congress has been expressed on that issue in the 1933 Act, the 1934 Act, the 1936 Act, and the 1938 Act. But the Commission, having assumed the power in their proposed rule, X-15C1-10, to regulate transactions in municipal securities, reasserted their claim to that power in their testimony before the committee.

"It is now up to Congress to decide whether of not State and municipal finances shall be subjected to control by any Federal bureau. I believe when the committee has had ample time to study and digest the testimony it will act to clarify the Act so that even a Harvard lawyer can understand that Congress does not now, nor has ever intended, nor will permit Federal bureaus to regulate and control the means by which the States and municipalities and other political subdivisions finance their governmental operations."

Congressman Alfred Lee Bulwinkle of North Carolina informed "Chronicle" representative: "The bill under consideration purports to amend the Securities Acts by exempting State and municipal securities. In my opinion it goes further. The Boren amendment, if adopted, might and in all probability would divest the SEC of all authority in all cases of securities involving fraud."

Congressman Hinshaw of California took an opposite view. "The duty of the SEC," he remarked to the "Chronicle" reporter, "is to provide such rules and regulation for the conduct of the securities business as are the equivalent of a high code of ethics for the industry and for establishment of good business practices to protect the investor, the issuer and the dealer and broker. The proposed SEC rule went beyond this."

Congressman Priest (Dem., of Tenn.) brought up the matter of a bill of Congressman Carlson of Kansas aimed at certain promoters who, with tax exemption in mind, have got municipalities to buy certain public utilities out of the proceeds of special bonds purchased by the promoters. This is the bill HR 2014, which has been referred to the Ways and Means Committee.

As the matter stands, the SEC still maintains that the issuance of a rule governing secondary trading in the securities of State and municipal governments is fully within its province.

## Offers to Purchase Yosemite Valley RR. 1st Mtge. 5% Bonds

The Machine Tool and Equipment Corp., headed by Adolf Friedeberg as President, and having offices at 500 Fifth Avenue, New York 18, N. Y., has made an offer to purchase all the $2,318,000 outstanding Yosemite Valley Railroad Co. first mortgage 5% 30-year gold bonds or certificates of deposit therefor, on the basis of $280 per $1,000 bond. This offer will expire on March 23, 1945.

Bonds or certificates of deposit should be tendered, together with letter of transmittal (plus 55 cents transfer tax on each bond) to the Bank of America National Trust and Savings Association, depositary, Los Angeles 54, Calif.

The Yosemite Railroad has instituted abandonment proceedings before the Interstate Commerce Commission on the California Railroad Commission.

## Benton M. Lee Elected Valley Bank V.-P.

PHOENIX, ARIZ. — Benton M. Lee, Manager of the investment department of the Valley National Bank, has been elected a Vice-President, Walter R. Bimson, President of the bank, announced.

Benton M. Lee

Mr. Lee is a native of Pineville, Missouri, and a graduate of the University of Missouri. He taught in the American University of Beirut, Syria, and later served as assistant director of the American Bureau of Economic Relations in Paris, France.

Returning to the United States, Lee was associated with the bond department of the Harris Trust and Savings Bank in Chicago. In 1929 he established the investment firm of Benton M. Lee and Company, which he managed until he joined the staff of the Valley Bank in 1942.

In his present capacity as Vice-President in charge of investments, Mr. Lee is filling in for his brother, Lt.-Commander Eugene S. Lee, now on duty with the United States Navy. Lt. Commander Lee is on leave of absence from this position at the bank.

Mr. Lee was recently elected President of the Business and Professional Newcomers Club of Phoenix.

## Ill.-Wisc. Savs.-Loan Ass'ns Repay Loan

Only $7.05 out of every $100 the Government invested in Illinois and Wisconsin savings, building and loan associations in the 1930's remains after the January repayments, A. R. Gardner, President of the Federal Home Loan Bank of Chicago reported on Feb. 7. The program of these investments designed to expedite recovery in community home financing institutions involved a high of $32,709,000, he explained, and only $2,307,400 is now in use. The advices add:

"January and July, the months immediately following dividend periods, are the normal periods for returning portions of these funds to the Government. Since 1941, a rapid step-up of repayments has resulted from the flow of private savings and investments into savings and loan shares. This past month $907,200 went back to Uncle Sam from repayments ahead of schedule and from the regularly scheduled retirement of funds."

These January payments effected a 28% reduction in the Government investments the associations had in use at the close of 1944, Mr. Gardner said.

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## Canadian Securities

By BRUCE WILLIAMS

Political observers here are currently forecasting a political stalemate as a result of the forthcoming Federal election, based principally on the supposition that the hitherto solid Liberal stronghold of Quebec will desert the Government ranks and return to Parliament a provincial nationalistic bloc.

This was certainly not borne out by the comparatively recent Quebec election when the Bloc Populaire was definitely repudiated and the vote divided between the purely provincial party, the Union Nationale, and the Liberals, with the latter receiving a majority of the over-all vote. Moreover, it is not in the best interests of Quebec to form a French-Canadian minority bloc against the rest of the country. The province will be best served if its representatives constitute a majority group within the party in power, with the not inconsiderable incentive of eligibility for the plums of office.

It is also inferred that the upsurge of the C. C. F. as highlighted by the Ontario and Saskatchewan elections is still in progress. Subsequent provincial results, however, provide some evidence to the contrary and recent Gallup poll figures indicate a definite decline in the popularity of this socialistic group. As far as the chances of the Progressive Conservatives are concerned, it is now generally conceded that the most that can be attained is the position of the official opposition party.

**It can still be logically deduced, therefore, that the Liberals will retain a sufficient number of seats in Quebec, which added to those which they admittedly should obtain in the other provinces, will give the Liberal Government an over-all majority.**

That the Mackenzie King administration will make every effort to keep Quebec in the Liberal camp is clearly demonstrated by recent speeches by the Ontario Liberal leader, Mitchell Hepburn, in which he stressed the importance of a greater understanding of French-speaking Canada, a greater equalization of the standards of education and housing throughout the Dominion, and an end to the intolerance and bigotry which has done much to divide Quebec from the rest of the country.

With regard to the market for the past week, the strong trend as expected persisted to such a degree that new high levels were established in nearly all sections. High grades, and Nationals in particular, were in general demand, but supply was again limited. Albertas also received strong support, and it is now felt that the worst that can happen from the point of view of the bondholder is the adoption of the plan currently discussed, which would result in the offer of a long-term 3½% bond and settlement of about one-third of the arrears of interest. After a period of comparative inactivity, Abitibis once

(Continued on page 854)

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# How Jobs Are Created

(Continued from page 826)

the radical wing of the New Dealers is in power after the war, we may expect that their program for attaining full employment will consist of the following things:

1. A large volume of public spending to replace a portion of the spending now being made for war purposes.
2. A shorter work week with a higher hourly wage rate so that there may be no decrease in the weekly wage.
3. Increased minimum wage rate with higher Social Security and unemployment benefits.

In brief, their program for reconversion can be summarized by saying that it calls for a bold, daring, even reckless experiment in pump priming, deficit spending and government make-work expansion. This is all implicit in the President's budget message to Congress and he reiterated it in his talk to the nation on Saturday evening, Jan. 6. At that time he stated that it was the duty of the Federal Government to see to it that "the level of demand of the purchasing power by private consumers, after the war, is sufficiently high to replace government wartime demands." He also stated, "Our policy is, of course, to rely as much as possible on private enterprise to provide jobs," but the implication was clear that if private enterprise did not provide the jobs, the government would. In other words, the nation has been promised full employment, whatever that phrase means, and come what may.

### How Jobs Are Created

In a situation such as this, where promises of so broad a nature have been made, where there is such a wide diversity of opinion as to how to secure the jobs to maintain full employment, I thought it might be interesting tonight to raise the question—How is a job created? Obviously, if we do not know how jobs are created, we are in no position to provide the economic and political environment which will encourage the expansion of private industry and make it possible for it to provide the jobs.

When I speak of creating jobs, I do not mean the creation of temporary jobs such as those which are provided by government appropriation for the raking of leaves which, when the appropriation is spent, nothing of value has been created and the men so employed are again idle. I refer to jobs where men earn their wages by creating products which can be sold, the creation of which products makes the value that pays the wages. Such jobs, when created, are self perpetuating, looked at from the point of view of the whole nation.

One obvious answer to the creation of new jobs is that they are created by research, that scientists, when they make new discoveries, create new products and that this process creates new jobs. This is, no doubt, the most dramatic way in which new jobs are created and there is probably no city in the world in any better position to see this process in action than is my own City of Wilmington, Delaware.

Recently, Dr. Elmer Bolton, Vice-President and Director of the duPont Experimental Station, told us at New York that "almost one-half of the gross sales of the duPont Company in 1942 consisted of products that did not exist in 1928, or if they existed, were not then manufactured in large commercial quantities." I do not have the figures showing the number of employees of the duPont Company between 1928 and when the war began, but there is no doubt they increased. Furthermore, the increase in jobs made by the discoveries of that company are not measured solely, perhaps not mainly, by the increase in the number of their own employees but by the increase in the employees of the various companies who used the new products, in one way or another, which the duPont company developed. Discovery and research, therefore, that bring forth new products, is one way of creating new jobs—and permanent ones.

But jobs created by research take time. They cannot be created over night. They call for long distance planning and the expenditure of large sum of money. No quick and sudden increase in the number of jobs, after the war, can arise from this source. But new jobs can be created without creating new products. There is no reason why there cannot be an expansion in the output of old industries, whose products are still in demand. There are still thousands, yes millions, of people who would like to have more and better clothes, nicer homes, new automobiles, radios, refrigerators, electrical applicances ad infinitum. The question we are faced with here, therefore, is how and under what conditions can we get our old industries to expand their output so as to make more jobs.

### More Money Does Not Increase Purchasing Power

Here, the prevalent answer today of those who believe in prosperity through government spending is by maintaining high purchasing power through a high national income. Give the people plenty of money, in one way or another, and then purchasing power will be high, demand will be large and jobs will be plentiful. The explanation sounds plausible but the reasoning back of it is specious and, in the larger sense, quite untrue.

In practice, the end result of this attempt to insure full employment by the creation of high purchasing power, irrespective of how the purchasing power is increased, is disastrous. Its first failure was shown up in the experience of the NRA. Here an attempt was made to increase purchasing power and make new jobs in a modest way by increasing wages. At the outset, it would appear that if wages were increased, particularly in the lower brackets, inasmuch as most wages are spent, that the total demand would increase and more goods would be sold. In practice, however, if manufacturer's wages are increased, say, by 10% or 15%, and there are no margins to absorb such increases, the manufacturer has to increase the price of his product by relatively the same amount. Then, inasmuch as most business is done on a percentage turnover, by the time a 10% increase in manufacturer's costs reaches the retailer's shelves and the purchaser comes in to buy the product, the retail price will have been increased by an amount more than the manufacturer's price, with the result that the increase in total wages paid is not sufficient to buy back as large a total physical quantity of goods as before the increase was given. It must not be forgotten that an increased purchasing power, brought about by forced increases of wages which are non-economic, lead to increased costs and increased prices which more than absorb the increase in purchasing power.

Perhaps in no place can this be better illustrated than in the real estate field in which you are all primarily interested. Everyone admits that there is a dire need for more and better housing. While there may not be as much as one-third of our population poorly housed, certainly there are thousands of families living in houses which, by any decent standard, must be classified as substandard. Does anyone in his right senses think for a moment that if we increase the wages of everyone working in the construction industries, the increase in purchasing power resulting therefrom would make it possible to sell more houses? On the other hand, is it not obvious that the rise in the costs of construction that would result from such an increase would tend to put the prices of houses up so that fewer houses would be sold than otherwise and that instead of making more jobs in the construction industry or improving the housing situation, less jobs would be made and the housing situation would deteriorate. The law of supply and demand affects jobs just the same as it affects everything else, and you cannot increase the demand for anything by over-pricing it, even if you try to obscure what you are doing by the specious reasoning that you are increasing total purchasing power. No new jobs can be created in this fashion.

### Government-Created Jobs

But some of you may asking, cannot the government create new jobs to take up the slack in employment after the war? For a short period of time it can, obviously, do so. Time does not permit me to discuss at all adequately the limitations to government-created jobs. But the heart of whether or not government expenditures increase total jobs in the long run depends upon one single factor and one alone, viz., can the government by its expenditures create new jobs without discouraging the expansion of new jobs by private industry? Obviously, there is no merit in a government making an expenditure which creates one thousand jobs if such an expenditure discourages some form of private industry so that the private industry reduces its number of jobs by the same amount. In fact, there is a more severe test even than this that government spending must meet, if it is to furnish us permanent help in the unemployment problem. Not only must the government's spending not discourage private industry but it must lead to an expansion of jobs in private industry at the same time the government is doing its spending. If it does not, just as soon as the spending is over, the jobs created will be destroyed and unemployment will be just as large as it was before the government started its spending in the first place.

This point should be emphasized again and again and again; that government spending to create jobs will be only temporary relief unless while the government spending goes on an expansion in private industry takes place at the same time, sufficient to absorb the jobs when the government stops its spending. The reason that our pump priming ventures were such ghastly failures during the thirties was that no such expansion in private business took place. When the government spending declined, as it did in the latter part of 1937, the volume of business immediately fell off and the amount of unemployment increased. In fact, the business decline in 1938 was the most severe and rapid in our whole history and the decline did not stop until large government spending was once more resumed. But believe it or not, and incredible as it may seem, I have had some of the leaders in this movement of full employment through government spending tell me that the government should expect to continue indefinitely to run a deficit of approximately $10 billion a year in order to create demand to compensate for what they call over-saving and failure to reinvest. Those of you who would like to read up on this matter would do well to get a copy of The New Republic for January 15, where a series of articles begins on "How to Insure Prosperity After the War." The statement is flatly made that the fear of an increase in the national debt is likely to be the greatest drawback to full employment.

### Dangers of Deficit Spending

It is just silly to imagine that we can have a national income made up of, say, $150 billion derived from private expenditures and $10 billion from public expenditures and expect this ratio to continue year after year. You start such a plan after the war and either one or the other of the expenditures will get larger, depending upon the type of legislation enacted. Put those in power who believe in government spending and as time passes inevitably a larger and larger part of the national income will be derived from government expenditures until, in the end, government expenditures will be the whole thing. Should the government embark upon a large scale houseing program after the war, subsidized and partially paid for at public expense, you should need only one guess as to whether or not this will stimulate private construction and make more jobs in private industry.

Here is a principle that should not be lost sight of in the years immediately ahead. The government desires private industry to expand yet at the same time the government, today, owns in the aluminum industry, for instance, 50% of the productive capacity of the whole industry. It also owns, as all of you know, a large percentage of the electric generating capacity of the country, and many other kinds of factories, plants and equipment. The disposition of this plant and equipment will have a marked effect upon private business expansion after the war. If the government attempts to operate even a part of these plants in competition with private companies, it will be idle to expect the private companies to expand their operations. Private industry cannot compete with its government.

### What of Private Enterprise?

If the President really meant it when he said in his speech at Soldiers Field, in Chicago, on Oct. 28, 1944, "I believe in free enterprise—and always have. I believe in the profit system—and always have. I believe that private enterprise can give full employment to our people," then he should appoint men to office who also believe it and whose previous utterances will not belie the statements which they make when they seek approval of Congress. If we want and confidently expect private industry to furnish full employment, then we must not suffer it with the apologetic tolerance which one accords to an aged relative who will soon be dead anyhow. Rather, we must support private enterprise with an energy of sincere affirmation and belief. And that support and affirmation, may I say, should be just as apparent after election as before.

The suspicion held in some business circles that there are those in the seats of the mighty who do not want the private enterprise system to function efficiently, may be unfair. But it cannot be denied that during the depression a number of anti-capitalist ideas and policies have obtained great strength, and unless overcome, they are going to make it very difficult indeed for our private enterprise system to function. To enact legislation that prevents our private enterprise system from functioning efficiently, and then use as an excuse the fact that our private enterprises are not functioning efficiently to justify an indefinite government expansion in business, is hardly playing fair.

How can private industry be expected to function efficiently and meet the problems of reconstruction if it has to do it in the face of public antagonism and under tax burdens which eliminate motivation and under restrictions that make it difficult to secure venture capital; if labor laws are enacted which compel a closed shop, which takes away management's authority in its own plant; and if the whole functioning of industry has to be under the close control and supervision of a hostile bureaucracy.

Of course, if we want it that way we can have the government furnish the jobs. High up in some ivory tower we can play at creating Utopia and imagine that our industry can be governed by a politically omnipotent and economically omniscient planning board, possessed of every moral virtue. I have never yet seen any such boards and I notice that the appointees to such governing boards as we now have in existence usually are made to solve some individual's unemployment problem. There were recently, I believe, two United States ex-Senators appointed to such boards. One of the fair sex and one of the traditionally sterner sex. Both of these ex-Senators are, no doubt, estimable people, but do you not think one would have to be a little naive to believe that they were appointed to these positions primarily because of the qualifications which they possessed for the jobs?

Recently, I had the opportunity to see a book, published in England by the Oxford Institute of Statistics but not yet in general circulation in this country, entitled, "The Economics of Full Employment." This book sets forth in detail the views of John Maynard Keynes and his disciples—the believers in full employment through government spending. You will hear much of this book in the days ahead. In it everything is solved through formula. The only thing the individual will have to do is to follow a table prepared by some government statistical agency indicating his share of activity. It is not specifically indicated in the study what would be done with some "Weary Willie" if he did not desire to do what the government planners wanted him to do, but I gathered the idea that the authors of the study would not think it amiss, in cases such as this, if an official rolling pin would be applied to produce the necessary goodness of behavior.

Governments can, no doubt, create jobs. In Russia they create all the jobs. Qualifications for holding the top jobs, however, those giving the best pay and carrying with them the highest prestige, will be politically determined. The rest of us will have to work under their guidance and at jobs which they offer us, and at such remuneration as they see fit to pay. I cannot believe that when the American people see that the alternative to our present system, defective as it is, is not some ideal system that will have no defects but rather will be a system run politically where practically all economic freedom will be taken away, will not overwhelmingly say that they do not want to look to government to provide their jobs. The price paid for such security is too much. It has too great a similarity to security enjoyed by an individual in jail.

May I summarize now briefly the conditions that will cause an expansion of jobs after the war, which should enable us to convert our industry back to peacetime uses again without too much trouble, and what the government can do to help in this process.

### Business Ventures Create Jobs

First let us remember that new jobs are created when an individual, be he rich or poor, a company, be it large or small, decides to engage in some business activity, either a new business activity or by increasing the scope of its present activity. The essence of such a decision is that the business man decides to risk some of his savings by embarking in a venture which entails risk. He embarks on this venture in the final analysis because he hopes to sell his products to customers at a price which will be adequate to cover his costs and leave him a fair profit for taking the risk. I am not ashamed of using this word "profit" for, in the ultimate analysis, it is the profit motive that has always been the mainspring of the American business system and it will continue to be the motivating force of this system so long as we continue the American Way of Life.

Today, there is no doubt that there is plenty of capital owned by both big and small business, which, if the owners want to risk it, is sufficient to start a good many new businesses or expand existing ones. If we want the owners of this capital to put it to work in productive enterprise, so that more jobs will be created, then we must give them a fair chance to make a reasonable profit and their activities must not be unreasonably or unwisely regulated, curbed or even opposed. It is necessary that there must be a feeling of confidence on the part of the business men before such an expansion will take place.

A defeatist and antagonist attitude of mind, on the part of our political leaders will hamper reconversion, destroy self-reliance and undermine confidence, and forever keep new businesses from being started. Certainly our business men are showing courage. Never in our whole history has industry done so much forward planning as it is doing today under the leadership of Mr. Hoffman and the Committee for Economic Development.

It would be little exaggeration to say that there is hardly a large company in the country that has not already plans made and blue prints drawn up for reconversion. All they are waiting for is the government to give the sign to go.

### Laws Should Encourage New Industries

To help in reconversion, does it not seem like common sense to insist that every law passed by the government be scrutinized carefully to see what effect it is likely to have on the development of new industries or the expansion of old? Likewise, existing laws that have a retarding effect in this regard should be modified or repealed. Time does not permit me to do more than enumerate certain specific legislation that ought to be passed if our government wants to establish an environment which will help business reconvert to peace, expand and provide more jobs. Among such measures, however, business men generally would place the following:

(1) The Federal Tax structure, as a whole, should be thoroughly overhauled, simplified and stabilized. The Excess Profits Tax should be abolished after the war. The Capital Gains Tax should be repealed forthwith. The possibility of reducing the high surtax and eliminating a double tax on corporation dividends should be examined. And basic to our whole tax thinking, once and for all there should be an abandonment of the pernicious idea that taxation should be used as an instrument of social reform as well as a means of raising revenue.

(2) The National Labor Relations Act should be amended so as to prescribe equal treatment for management as well as labor. The Averys, Petrillos and Lewises should be treated exactly the same.

(3) Regulatory policies tending to force the closed shop on business should be abolished. It is not the proper function of the government take sides in this conflict for the closed shop. Government is supposed to represent all the people.

(4) The rulings of such administrative boards as are retained after the war and are made part of our permanent government structure, should be subject to court review. The practice which has grown up during the war of delegated legislative, in fact sometimes executive and judicial powers as well, to these administrative agencies, must be discontinued forthwith.

(5) The unproved theory that permanent prosperity can be provided by government deficit spending should be abandoned. Such government spending as is done during periods of unemployment should be frankly for the purpose of providing relief for the unemployed and not under the guise that such spending is a downright good in itself and will create prosperity.

(6) As an aid to secure venture capital, the regulation of new security issues should be liberalized. While the SEC has done some good work in this field, there is good ground for thinking at the present that it is over zealous in its activities to keep investors from losing money.

These are not all the measures that need to be taken to make a political and social environment favorable to the expansion of private business but they are some of the principal ones. Moreover, they are the answer to the statement so frequently heard these days that if private enterprise cannot provide jobs, government must.

### Favorable Reconversion Factors

There is no good reason for thinking if private industry be given a fair chance that it cannot over a short period of time reconvert to peacetime production and provide the requisite number of jobs to insure a satisfactory state of prosperity and adequate employment. Too many writers appear to be fearful about reconversion. They predict plant closings, widespread unemployment and general chaotic business conditions. There is no doubt that conditions of this nature may be encountered. One would be foolish not to expect some temporary disorganization. But I submit that it is not the proper mental attitude to dwell too much upon this possibility, and by so doing certainly exaggerate its importance and even help to bring it about. Let me enumerate some of the favorable factors that exist at the present moment which ought to help us in reconversion:

(1) Incomes throughout the nation during the last four years have been high and money savings today stand at a record peak. Both money in circulation and bank deposits, savings as well as commercial, have had a phenomenal increase. There probably has been more savings during the last four years by the people as a whole than there was in the two decades previous to 1940. In brief, the people will have the money to buy the goods when the war is over and when our industries are in a position to turn them out.

(2) Both our plant capacity and our ability to produce basic raw materials have been greatly expanded during the war. There is hardly a basic commodity that is needed in the manufacturing of goods today of which we do not have an adequate supply.

(3) We will probably have the greatest number of skilled workers in our history at the close of the war. This nation will have the best skilled labor force of any nation in the world and it will be equipped with an engineering technique better than that possessed by any other people in the world's history.

(4) We have the capital and the credit in abundance to finance a business expansion, and the cost of borrowing it is at an all-time low. High interest rates certainly will not hamper reconversion.

(5) There is a substantial pent-up demand for goods of one kind or another that almost exceeds the imagination. Not only does this country stand ready at the moment to buy large numbers of automobiles, refrigerators, washing machines, vacuum cleaners, furniture, farm machinery and countless other products just as soon as they can be made, but a large part of the world outside of our boundaries literally stands naked and hungry. The work to be done to rebuild the destruction caused by this war will be colossal. No war in modern times has been so destructive.

What better combination for prosperity can be found than this: Ample factory capacity, adequate raw materials, men with the know-how to put them together to make finished products, coupled with cheap capital to finance their production, and a market with purchasing power ready and willing to buy the goods.

Probably fundamental to my optimistic point of view in the long-term outlook is my basic belief in the long-term wisdom of the American people. The Jeremiahs, notwithstanding, have not the people on the whole met the problems of this war with outstanding patriotism, courage, energy and resourcefulness? What reason is there for thinking that when they once comprehend what are the problems of the peace they will not meet them in the same way? The first step in a sound solution of any problem is an intelligent recognition of what the problem is. Our hopes for the future rest in a large measure upon the willingness of thoughtful groups such as you to face realistically the difficulties that lie before us and then, irrespective or party or anything else, work toward a solution of the problems. What will be called for in the years ahead will be statesmanship rather than partisanship in government; wise leadership in industry and labor, and a willingness of government, industry and labor to cooperate together to increase the total national production, on which we all must live. The substance for a prosperous future is in our own hands. Whether or not we will use it well, only time will tell.

Finally, we must remember that this responsibility of employment is the responsibility of all of us. First, for employers to conduct their businesses with vision, enterprise and honesty, seeking to serve the people by making more and better goods at lower prices, realizing that in this way, in the end, they will make the highest profits. It is the responsibility of labor not to try, through monopolistic and restrictive policies, to fix such a price for its services as to price itself out of jobs. And perhaps most important of all, our political leaders should remember that it is not the function of government to try to take over business and operate it but to provide an environment under which business can flourish, investment can go forward and the standard of living increase. Under these conditions the employment problem will take care of itself.

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## E. H. Stanley Co. Formed

(Special to The Financial Chronicle)

WATERVILLE, MAINE—E. H. Stanley & Co. has been formed to engage in the securities business. Officers are: Erwin H. Stanley, president; Leslie Stanley, treasurer. In addition to the officers Helen F. Stanley and Bernice Stanley are directors. Mr. Erwin Stanley was formerly an officer of Smith, White & Stanley, Inc. of Waterville.

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# Municipal News & Notes

Gasoline taxes and motor vehicle registration fees, collected by all 48 States, are shared with their municipalities by 30 States, though in half a dozen instances the revenues are shared only with certain cities "performing county functions."

**Value of this sharing to municipalities in the 30 States is indicated by the fact that they received $71,900,000 of so-called State "highway user" revenues in 1942 as compared with the total $230,000,000 paid municipalities in all 48 States in 1942 as their share of all State-collected municipally-shared revenues from all sources, according to the third and final study on State-collected municipally-shared tax revenues issued by the American Municipal Association.**

Motor-vehicle taxes and fees, usually considered together as highway user taxes, apply on one hand to a number of various fuels and oils and on the other to the different kinds of machines and drivers, certifications, examinations, etc.

The States use two methods in sharing motor-vehicle revenues with their municipalities—percentage of collections and fixed amount appropriated. Motor fuel taxes generally are shared on a percentage of collection basis, but both methods are used in the distribution of vehicle license fees.

Municipal shares generally are allocated for street, highway and bridge construction purposes, though in a few States communities may use the funds for other purposes. Wisconsin and Louisiana, for example, may use part of their share of State motor fuel taxes for schools; New York City may use part of its share for welfare purposes; Ohio, Oklahoma and Pennsylvania cities may place part of their State gas tax revenues in their general funds.

**Motor Fuel Taxes** include gasoline, oil, and similar levies, shared generally by 14 States—Alabama, North Carolina, Virginia, Illinois, Indiana, Michigan, Ohio, Wisconsin, Arkansas, Nebraska, Oklahoma, California, Oregon and Washington; and shared with certain cities performing county functions by five States—New York (New York City), Pennsylvania, Louisiana (New Orleans as a parish), Maryland (Baltimore) and Colorado (Denver).

**Examples of basis of allocation: Alabama, $125,000 by population; Illinois, ⅓ of 3-cent tax, by population; Wisconsin, 20% of net, by source of net registration fees; Oklahoma, 5% of total collection, allotted per capita; Oregon, 5% of total collection taken when it exceeds $11,000,000, by population.**

**Motor Vehicle Fees**, shared generally by 17 States—Connecticut, Massachusetts, Vermont, Alabama, South Carolina, Indiana, Michigan, Ohio, Wisconsin, Arkansas, Kansas, North Dakota, Oklahoma, Arizona, New Mexica, Utah and California; and shared with certain cities by five States—New York, Maryland, Nebraska (to help retire bonds already issued), Colorado and Montana (Butte receives 50% of residents' fees).

**Examples of basis of allocation: Connecticut, $3,000,000 annually from State highway fund, shared among communities equally; Alabama, 30% of city collections, by number of registrants; Ohio, 25% from licenses issued to residents; California, 40% of balance after State debt deduction, by population.**

## Jersey City to Retire 14.2% of Debt in 1945

The State Local Government Board in Trenton, N. J., has approved a request by the Board of Commissioners of Jersey City to apply $3,713,100 of free cash surplus of the City to debt retirement by appropriating this sum to fill all sinking funds to 100% of principal requirements, according to announcement made on behalf of the City by Wainwright, Ramsey & Lancaster, municipal financial consultants of New York.

Wire Bids on
VIRGINIA—WEST VIRGINIA
NORTH and SOUTH
CAROLINA
MUNICIPAL BONDS
F. W.
CRAIGIE & CO.
RICHMOND, VIRGINIA
Bell System Teletype: RH 83 & 84
Telephone 3-9137

**"The effect of this action," the announcement says, "which was recommended to the Commission by Raymond M. Greer, the City's chief financial officer, is to bring total debt retirement in 1945 alone to $6,689,000, of which $3,822,000 will be applied to the general debt and $2,867,000 to the water debt. This will reduce the net outstanding general and water debt held by the public 14.2% in the year 1945.**

"In addition to the appropriation of surplus, the 1945 budget provides for the retirement of $2,976,000 serial bonds, $2,688,000 general and school bonds and $288,000 water bonds.

"On Feb. 16, 1945, the net general and school debt stood at $38,001,500, a reduction of $4,420,952, or 10.4% since Jan. 1, 1944. This is a net debt ratio of 7.23% of 1944 assessed valuations which totaled $525,711,956.

**"The full extent of what Jersey City has accomplished in debt retirement since it went on a strict cash basis in 1936 will be realized when it is considered that on Jan. 1, 1936, general and school debt less sinking funds totaled $59,368,384, compared to the present $38,001,500—down $21,366,884. On Jan. 1, 1936, outstanding water bonds less sinking funds stood at $11,804,730 and are now $5,302,000—down $6,502,730.**

"The 1945 budget will mean an average tax bill approximately 5% lower than those sent out in 1944, as a result of an estimated decrease in the levy of about $1,243,000."

## California Toll Authority Definitive Bonds Available For Exchange

Revenue bonds dated June 1, 1944, sinking fund revenue bonds due Sept. 1, 1962, and serial revenue bonds due semi-annually from Sept. 1, 1945, through Sept. 1, 1959, are available in definitive form in exchange for outstanding temporary bonds. The temporary bonds may be delivered to the principal office of Guaranty Trust Company of New York, for transmission to San Francisco to be exchanged for definitive bonds.

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## Michael I. Morran With Paine, Webber Company

(Special to The Financial Chronicle)

CHICAGO, ILL.—Michael I. Morran has become associated with Paine, Webber, Jackson & Curtis, 209 South La Salle Street. Mr. Morran was formerly with H. C. Speer & Sons Co. and in the past with Ballman & Main.

# Business and the Public Debt

(Continued from first page)

maximum reached in the present war period shall be $240 billion or $340 billion. And yet the difference between these figures is two and a half times the entire $40 billion which only recently caused so much distress. The Secretary of the Treasury appears to have given more consideration to this question—as indeed he ought to do in the discharge of his public responsibility—than has any other national leader; but he is far from popular among the very people who have become so distressed as America's public debt exceeded the level attained after World War I. The cause for concern is now very much greater than when the debt attained the $40 billion figure. In fact, the addition of $40 billion is a much more serious matter when the jump is from $240 billion to $280 billion than when it is from nothing at all to a mere $40 billion!

The question may arise as to how we can influence the size of the national debt. Without trying to suggest all the possibilities, I may point to a number of the most significant efforts under way. Some of these seek to keep the debt down as a by-product of stabilizing prices and other elements in the national economy. These include (1) War Production Board restrictions on certain sorts of production; (2) the consumption goods rationing program; and (3) the various direct price control activities undertaken by several agencies of which the Office of Price Administration and the Board of Governors of the Federal Reserve System are perhaps best known. Then there have been direct efforts to keep the debt down by (1) increased taxation and (2) reduced expenditures for certain governmental services. Perhaps the unpalatable nature of the remedies for undue increase in the national debt may explain the paradox to which I have alluded already. We do not like restrictions on what we may produce. One of my neighbors, for example, is extremely wrathful because he is not permitted to make unrestricted use of a small metal item for production of a toy. Then we have not been too enthusiastic about the number of points we must pay for butter or even about the maintenance of contact with our local rationing board in respect of gasoline for our automobiles. Some of us have not been particularly receptive to restrictions on the prices at which we may sell our own production. Very few of us have vigorously insisted on increases in our own tax bills. And yet these are the kinds of wartime alternatives to a total public debt greater than is otherwise necessary.

But even though we had accepted fully *every* means of curbing the growth of our country's debt, it would have been by the end of the war extraordinarily heavy. We have not "gone whole hog" in accepting the alternatives, and so our obligations are to be even greater than they might have been. In any event the debt will be so great that it must be a source of real concern to every thinking adult in the country. Before many years it will doubtless be a serious matter for our children—and still later for our children's children. In the years just after the Germans and the Japanese are disposed of, what are we to do about it?

### The Debt Load

There has been among technicians in debt policy a vigorous debate as to whether the debt should be regarded as an unmixed evil. One school contends that, as we really owe the national debt to ourselves, it is a matter of relative indifference whether we have a small or a large one. The other debaters contend that "a debt is a debt" and therefore cannot be dismissed so lightly.

It would serve no useful purpose for us to enter the ranks on either side of the argument. One thing, however, is agreed to by all schools of thought; and I think it is significant for us: The debt which a country owes to its own people is easier to deal with than one which it owes to a foreign State or to its residents. There *is* an economic sense in which the United States Government obligations involve payment of interest and of principal to ourselves. That is, Americans contribute tax money to the Treasury; and the Treasury pays that same money to individual Americans as interest or as repayment of their loans. This is easier than to make similar payments to other countries.

The greater ease is due to several factors, the most important two of which I simply mention. (1) The payment of money to another nation or to its people may easily get bogged down in the technicalities of foreign exchange. This difficulty is due partly, but not wholly, to differences in currencies. (2) The only way a war debt to another country can be settled is by sending more goods abroad than are imported, and the foreign bond-holder country may clamp down on such imports by raising tariffs or by other methods. For example, the United States in the 1920's made it impossible for European countries to pay their so-called war obligations. (3) In short, something must always actually be sacrificed from a nation's income if it is to pay a foreign debt. That is not necessary in order to pay a debt such as our own. If an individual householder gets in debt he is in a position similar to the nation which owes a debt abroad; the obligation is to pay something to parties *outside the family*. The United States in general must disburse interest only to people who in another capacity are taxpayers, that is within the family.

What has been said does not mean that the country's becoming obligated to its own citizens is or can possibly be a matter of indifference. There are many reasons why the nation's going into debt is *bad*. For example: (1) Paying taxes the proceeds of which are to be used for debt service means that there is a redistribution of purchasing power unless the proportion of the total tax payments of each person is exactly the same as the proportion of the total interest and principal payments he receives, and such an arrangement is a practical impossibility; and (2) the process of collecting taxes and disbursing interest is expensive both directly and in the sense that we suffer from paying a given amount in taxes more than enough to compensate for interest income even though the amounts be the same. Moreover, we all tend to think we *have a right* to the interest; we are harder to convince that Uncle Sam *has a right* to what we pay in taxes.

### Handling War Obligations

The fundamental problem of what to do about Federal liabilities after the war has two important and several secondary aspects. In the first place, there are the technicalities of how the debt should be managed. These issues, although they are of major importance and require the very best in Treasury administration, are not, in the main, matters of general policy but matters of financial engineering. The second problem concerns the means by which the nation is to meet the debt service charges and at the same time operate and expand private business as well as pay the cost of current government services. This problem—or perhaps I should say this cluster of problems — will present fundamental questions which will require the best thinking of which American citizens are capable. I shall outline a few elementary phases of the challenge and express the hope that you will consider this discussion merely an introduction, in other words, that you will give the issues outlined sustained consideration.

Perhaps the comments that follow may be clearer if I sketch the emergence of the post-war financial problems. Then we may pass on to definite consideration of long-term questions.

First of all, world conditions seem to guarantee that the post-war world will not dawn suddenly. In a purely military sense the war is likely to taper off rather than come to a sharp termination. It is generally thought, for example, that the European phase of the war will be over before the Pacific phase. Then, even after Japan is conquered, there is no certainly that there will not be sporadic uprisings. There have been predictions that both German and Japanese Fascists may "take to the hills" and continue to resist. In any event, military occupation of conquered areas seems certain. All these prospects represent for the American people varying — but unquestionably large — continued financial loads of a direct military character. How long they will last and how big they will be are distinctly uncertain.

But there are at least two other considerations which assure tapering off, rather than quick termination. The liquidation of the wartime administrative machinery, both civil and military, will by the nature of the task be a slow process. Liquidation of the physical assets alone represents the biggest business undertaking in the way of salesmanship ever tackled in this or any other country. It has been estimated that the sale of more than $100 billion worth of goods will be necessary; though, if one eliminates non-salable stock such as ordnance, it is doubtful whether the cost of the amount to be sold will exceed $50 billion. When one considers that this job alone involves an amount of money which may equal three times our national debt of 1939, something of the size of the adjustment problem is apparent. Then, of course, the Government will be called on to make and enforce some of the rules governing private readjustment to peacetime production. This will be a large undertaking; and if business gets panicky, it will be a costly one.

The other highly expensive problem the country will confront concerns the rehabilitation of its manpower. In the instance of soldiers and sailors who have been injured the expense will depend on the number of men and women to be cared for. Then there is the matter of educational and economic rehabilitation, for which our Government has already accepted responsibility. In addition the payment of pensions or other "deferred compensation," "bonus," or what not may cost added billions of dollars.

Secondly, not only will the post-war period emerge gradually for all these and other reasons, but the level of governmental service demanded of the Congress will also be greater than before the war. For example, the social security program is going to be enlarged, and it may be extremely burdensome, financially speaking. Already it costs a lot of money. There are two general approaches to financing social security. One of them is through social insurance, exemplified in this country — including Kentucky — by workmen's compensation and unemployment compensation insurance, the former private and the latter public. Another method, exemplified in our public aids for the aged, the blind, etc., involves a tax supported plan. The original 1936 legislation called for both methods of support but emphasized the insurance plan. The recent trend is toward support by general taxes. This is well illustrated in the overwhelming vote in Congress six weeks ago against permitting the automatic increase in the old age and survivors' insurance premium payments in the form of payroll contributions. Again, the demand for national aid for education and especially for public works is illustrative of the cost level of the national government after the war.

To mention only one other factor, a third element tending to prolong the war in a financial sense may well be the habit of spending public funds lavishly. At the outset I referred to the wartime tendency for the public to accept a difference of several billions in the debt without seeming concerned and especially the disposition to reject unpleasant policies which would limit the national debt. Possibly the country will abandon this kind of "softness" when the shooting is over, but there is little in American history which would lead one to anticipate that cessation of the fighting in the field will lead us to insist that Congressmen demand business-like economy in public business.

### After the Postwar Adjustments

Already I have outlined reasons for thinking that the public debt will be a serious load after the country has adjusted to peacetime conditions. Lest I mislead you by this statement, I hasten to say that the country, without tragic consequences, can undoubtedly meet the challenge. On the whole, I think the difficulty of doing so will depend on the extent to which we maintain and enlarge our productive capacity. That in turn is conditioned by the degree to which we become "soft" and "get scared." Let us look at the basis for these views.

First of all, consider the budgetary problem. The present tax system is producing at an annual rate of $50 billion. Last year it produced $40 billion. Our national government is spending about twice as much as the taxes are now yielding. That is, we are devoting well over half of our gross national product to federal government use. In fact, the war alone is taking over 50%. After the war and the immediate post-war adjustments, the national expenditures, including $5 billion or $6 billion for interest and principal payments on the debt, have been estimated at figures varying from $16 billion to $30 billion. If one assumes that the actually necessary federal government cost will run $20 billion to $22 billion —and I personally think it should not exceed $18 billion—then at present levels of national income we could pay the bill even if tax rates were cut in half. I mention this possibility to emphasize the fundamental issue; I do not suggest that the method of attack should resemble reducing all tax rates 50%; nor do I think it is likely that the present price or productivity level is the one at which we shall stabilize. However, it is commonly agreed that tax reduction and gradual bond payment is preferable to maintenance of wartime tax rates coupled with rapid debt retirement.

To push the discussion further along the line of the kind of productive plan we are likely to attain and the kind of tax arrangement we can have and still pay our debt obligations, I suggest regarding the former certain broad generalizations which seem to be justified in the light of present information. (1) Although material fluctuations in general production levels are perhaps technically unnecessary, it now appears probable that the national income will continue somewhat unstable for many years to come. Let us hope that we shall not see a drop from our present income level of $150 billion to the 1933 figure of less than $40 billion, but let us at the same time avoid the assumption that present production and price levels will be continued indefinitely. There is no engineering reason, when our manpower is no longer so largely occupied in military activity, why we may not greatly expand present levels of income production. Or we may greatly contract our output.

(2) As previously indicated, maintenance of a high level of national income depends fundamentally on the temper of the people. If the public becomes afraid of depression, as it did in the early 1930's, we shall have depression. If the people generally take the attitude that it is the Government's job instead of their own to make railroads, factories and farms productive, then very likely we shall have depression. Despite the fact that a self-reliant and independent spirit among private individuals is of paramount importance in maintaining and increasing national income, there is no doubt that

(3) Governmental policies respecting the economy must be wise. Among the most fundamental issues are (a) governmental acceptance of the idea that maximum economic freedom is essential; (b) governmental recognition that the self-reliance already commended is necessary; (c) governmental protection against monopolistic practices, whether among manufacturers or labor unions or farmers; (d) governmental maintenance of a stable currency system, that is, of a dollar of constant purchasing power; (e) governmental timing of public construction so as to avoid too much competition for building materials and labor privately needed and so as to use the construction facilities which are not needed privately; and (f) governmental financial policies favorable to industry and trade. In speaking of needed public policies toward the economy, I should like to emphasize that the Government is not something separate and part from you and me. The Government is simply the implement by means of which all of us get things done which all of us as a group—though not necessarily each of us individually—actually want done. In a democratic country the Government *is* the people of that country, provided only that people be sufficiently advanced to enjoy the blessings of democracy.

(4) Although the national attitudes and policies already referred to are fundamental to high national income levels, probably the most important condition of post-war prosperity is the kind of peace the world secures. Our income will depend not only on the international position of this councountry but also on the position and the policies of other countries. For example, if the United States adopts a policy of raising tariffs and otherwise interposing difficulties for other countries' trade in this one, we shall be asking for the sort of retaliation we sought and obtained after World War I; if we try to cut ourselves off from contact with other parts of the world, we might as well seek to make ourselves beautiful by cutting off our own noses. In another fundamental respect our after-war prosperity depends directly on the kind of peace we obtain. The size and character of our military establishment and the consequent drain on the economy will depend on whether we obtain a wise or an unwise settlement of the causes of international strife.

This does not by any means exhaust the story, but enough has been said to make my main double-barreled point, namely, that the manageability of our national debt after the war depends on our prosperity and that our ability to have "life and have it more abundantly" varies with our collective capacity to make wise decisions and, in the international area, to obtain wise decisions in other countries. With these hints as to what is involved I return to the problem of raising the money necessary to meet war-debt service charges and to support the current requirements of government.

As the most important condition of meeting our public obligations is to keep our productivity high, it follows that in raising the necessary money the task should be accomplished in such a manner as to interfere as little as may be with private economic activity. The post-war tax planners have talked at great length about what tax considerations **do** influence business adversely. There seems to be general agreement, for example, that the corporation excess profits tax and the nuisance corporation taxes should be repealed outright. In principle even the Treasury appears to accept this policy. The reason is that although the excess profits tax is all right in wartime it restricts economic freedom too much to justify using it in peacetime.

There is also fairly general agreement that some of our specific sales taxes should be repealed after the war. There is no consensus as to exactly which should be repealed or reduced. There does seem to be almost unanimous agreement that the tobacco and alcoholic beverage taxes should be kept, but perhaps at reduced rates to avoid bootlegging.

There is much debate regarding the income tax paid by corporations. One school of experts takes the view that the corporation tax should be repealed outright. Other outstanding leaders think the tax should be used but that the amount paid should correspondingly cut shareholders' taxes. A final group would keep a corporation income tax as a definite part of the post-war system and would allow no credit on individual income.

As has been indicated, if a high level of national income is maintained, there is little doubt of the country's ability to pay debt obligations slowly and at the same time reduce war tax rates. On the other hand, the conclusion is also obvious that the payment of our debt will impose on the economy a semi-permanent load of some $5 billion to $7 billion a year additional to governmental costs which would have been incurred if there were no debt. From present indications, another approximately equal added load will result from the war, namely, the increased military and veterans' rehabilitation expenditures. There is little doubt but that due to these two causes alone over $10 billion a year will be added to the national budget requirements. This is a sum well above the annual total cost of national government during the latter years of the 1930's. It is more than ten times the annual cost of the central government before World War I. When it is remarked that the American people can pay the bill without serious question, therefore, it is not intended to suggest that the job will be easy. Moreover, whatever tax system we may adopt will undoubtedly interfere in some degree with business plans and with productive activity.

### Summary

In concluding these remarks, I should like to summarize in a series of propositions which appear to be justified by the facts and trends of public and private thinking up to this time.

1. The public today exhibits less concern regarding a $100 billion dollars of additional national debt than it expressed respecting $40 billions only five years ago. It appears certain that present comparative indifference to sound financing is sadly misplaced.

2. Both in the late 1930's and now, the debt load of the national government is a less serious matter than if a significant part of it were made up of obligations to other countries or to their nationals. As our debt stands, the taxpayers of the country are in effect obligated to pay the American people who own bonds a huge sum of money. This payment will prove onerous because it will redistribute purchasing power among various economic classes of our people and because of the direct expense and friction of making the transfer.

3. Not only must Americans plan for managing and meeting national debt obligations in the post-war period, but they must plan for doing so during a time of readjustment from which the peacetime economy will gradually, rather than suddenly, emerge. It is probable the outstanding credit obligations may even continue to grow for sometime after the "organized resistance" of the enemy has ceased. The financial strain may be increased during the period of slow readjustment—and perhaps afterward—by (a) the normal increase in civilian requirements for governmental services, whether in the form of social security expansion, educational aids, or public construction, and (b) the national habit of being careless—if not actually indifferent—about the public finances.

4. Despite all these causes of concern, the national government can without disastrous results, but not without difficulty, meet the country's debt service requirements, especially if it can maintain and enlarge its capacity for production of income. To assure high income levels sound policies are essential, among them (a) a self-reliant, working population, (b) a disposition among the people to look to private, rather than governmenal, action to provide primary protection against poverty, (c) the adoption of sound national policies toward the promotion of private economic activity, and (b), most funamental of all, the attainment of a decent peace settlement and of international relationships favorable to world-wide peace and prosperity in all countries.

5. The exact adjustments by means of which post-war budgetary needs, including debt service charges, can be met are susceptible only roughly to a forecast at the present time. The most essential condition of securing a statesmanlike plan is public interest in and awareness of the problems involved in each alternative policy. Each of us, therefore, should study the situation and make certain the Kentucky Congressional delegation is acquainted with our views. It now appears probable the budgetary requirements will be met by means of a sensible adaptation of war taxation to peacetime conditions and that something like the following tax system will be adopted: (a) a revised death and gift tax at rates not very much below the present ones, (b) a personal income tax based on about the present plan and at rates ranging from two-thirds to three-fourths of present ones and possibly with somewhat higher personal exemptions, (c) a corporation tax at lower than present rates and possibly with some special allowances for dividend recipients, and (d) several selective sales taxes at rates somewhat reduced below wartime levels and probably on a lesser number of commodities and services.

# Secret of Cheap Money Is an Excess Supply

(Continued from page 827)

ity, with loss of purchasing power and also of public confidence. Finally such moneys have been erased or reconsolidated and made convertible into gold in order to restore confidence at home and abroad.

### Money Supply and Low Interest Rates

After the world wide financial crisis and business depression beginning in 1929 low money rates soon made their appearance in all money markets where there was an excess supply of money seeking borrowers who could give assurance of safety or investments that were safe. Yield was secondary. Borrowers who could qualify were few in the minds of lenders and those few were over supplied with money. Investments that qualified in the minds of investors were not numerous, and the gilt edge investments were purchased with their low yields, at rising prices driving the yields still lower. The supply of money and money reserves was large and the demand for money small. Rates for money declined just as the prices of any other tool, service, or commodity would decline when there was more of it for sale than buyers wanted. The departure from the gold standard and the issue of paper money against government promises to pay, provided ample cash for those who wanted to hoard money or convert their assets into money. The converison of assets into money brought on still more liquidation with lower prices, and more money seeking safety with low yields instead of speculating with high yields. While money rates were low and confidence in government bonds, which had always been the safest of investments, was high these bonds were bid up to high prices and low yields. Both the British and the U. S. Governments took advantage of the low money rates and the demand for gilt edge securities to refund their high yielding bonds into lower rate bonds. This reduced the costs of servicing the government debts and improved the governments' credit. Both governments increased the price of gold. In the United States the price of gold was marked up from $20.67 an ounce to $35 an ounce; in England the price of gold was marked up from 84s 11½d to 168s. In terms of the currency units the monetary gold held was increased in proportion to the increased price of gold; then the supply of gold was increased from production, and the supply in the United States was expanded by the flight from Europe because of the threats of war, and the high prices for gold created by the devaluation. In addition to these increases in the gold holdings and the increased money value of the reserves there was the expansion in paper money resulting from the issue of paper money against government debts. In England this increase in the paper money outstanding has gone on much as it has in the United States. While the percentage increase in paper money has not been as large as in the United States it has been large enough to keep the supply of cash high enough to meet all the needs of the banks for cash, and maintain the cash ratio against deposits averaging about 10 per cent, the figure regarded as safe and solvent by the public. In the United States the largest increase in the currency has been in the Federal Reserve notes which at the time of this writing stands above 21.8 billions against 4.9 billions in 1939. This large increase in the currency has supplied the demand for money hoarders, and the necessary cash balances of bankers to meet their demands from depositors. This large supply of money has kept money rates low. In England there was no reserve ratio of gold required by law to limit the issue of paper money secured only by government debts. But in the United States we had a specific requirement of 40% gold against Federal Reserve notes outstanding. Because of this specific requirement it is going to be necessary to reduce the reserve requirements in gold in order to make room for the further increase in the supply of currency Federal Reserve notes and the increasing bank deposits. According to press releases Congress is to be asked to reduce the legal reserve ratio to a flat 25% ratio of gold against both Reserve notes and demand deposit. This will make room for a large increase in both notes and deposits with the present gold holdings and the present price of gold.

As soon as this report of a proposed reduction in the reserve ratio was made, high grade money rates and bond yields began to decline. This larger supply of cash will drive money rates still lower and the prices of fixed interest bearing securities still higher. Money is to remain a "drug" on the market as it has been for a long time due to the ample supply furnished by the increase in gold held, the increased price of gold and the increase in paper money for all uses. By these methods of increasing the supply of money there is plenty of room for further expansion in the supply of cash and interest rates may be driven much lower by this process. The same decline would follow in the price of any useful commodity where the supply was, seemed to be almost limitless with little or no cost.

This process of increasing the supply of cash by devaluing the unit or increasing the price of gold, and by increasing the supply of paper money secured by government debts can continue indefinitely, and money rates can be held down by the excess supply of cash as long as people have confidence that money will continue to have approximately its present buying power in the future, or a substantial buying power.

### The End of Cheap Money

When the currencies were convertible into gold and reserves were maintained to meet emergencies the interest rates were determined like the price of any other useful commodity by supply and demand. The highest bidder got the money from lenders willing to take the risks. The many different rates for money represented the many different risks, and the supply of money willing to venture in the many risks. At times when the demand for money was large such as during a period of confident business activity money rates were bid up in all markets. All rates for new funds were marked up. This, however, never represented a very large per cent of capital because most investments are for a period of time. However, these demands for current money at high rates usually caused a decline in the prices of the lower yielding long term investments because of the higher price paid for new capital.

The present process of creating an excess supply of money throughout the world must in time be reversed and the supply of currency reduced to the limits of gold conversion at the present legal price for gold or the price of the gold marked up and the value of the paper currency reduced. The first process is a deflation process which will bring rising money rates and a readjustment of values to meet the new prices for money, and the second is an inflation process which will bring rising prices and costs, and a lower buying power for each unit of money until the larger supply of this cheaper money which will be required to meet the needs of daily activities will bring the demand for money which will increase the rates to a demand and supply costs basis again. To go through the money revaluation process and wait for the cheaper units of money to be absorbed by the increased prices of goods and services will be a very long period of maladjustments, blackmarkets and inequalities. There is a stratification in costs, prices, and incomes which change slowly, and unevenly. Any rapid change in one group is halted by the slow change at that time in another group. A uniform increase in costs, prices and incomes is not possible with all of the millions of individual committments and contracts at fixed prices and dates. For this reason the inflation revaluation process will cover a long period of time. This long period of readjustment will create or be accompanied by many hardships as well as speculative opportunities like all such disturbances. When this process is far enough advanced, however, to absorb the excess supply of cheap money, money rates will rise again according to the demand and the willingness of borrowers to pay higher rates because of profits making opportunities.

### Government Management and Cheap Money

Governments have taken advantage of cheap money to keep down the cost of their financing. Both in England and the United States business borrowing, and lending abroad, have been reduced to the minimum and this has limited the demand for money. The process of maintaining an excess supply of cash by increasing the price of gold and issuing currency secured by government debts has been the same in both countries. But if this is management which has made money rates low for war financing that can be carried over into peace time financing, a wholly different set up for peace time business will be required from that with which either country has ever had any past experience.

The end of war should bring a return to sound convertible currencies in which the public can have confidence. Can any country return to normal free competition with the rest of the world and continue to furnish an excess supply of cash and maintain low interest rates by the inflationary and controlled processes used in this war? Is there any government that is willing to take the credit for maintaining cheap money and the future blame for the consequences of the money management and the low money rates on which this war has been financed? Has this cheap money policy been an expedient which must be undone in the reconversion to peace time conditions or free markets of all kinds abolished?

## Central Republic Corp. Sponsors Radio Program

CHICAGO, ILL.—Central Republic Corp., 208 South La Salle Street, members of Chicago Stock Exchange, have started a radio program over WENR from 9:30 to 10 p. m. on Sunday evening. The first program was February 18th.

## Lamson Bros. & Co. To Admit James Wade

CHICAGO, ILL.—Lamson Bros. & Co., 141 West Jackson Boulevard, members of the New York and Chicago Stock Exchanges, and other exchanges, will admit James F. Wade to partnership in the firm as of March 1st.

## DIVIDEND NOTICES

### Bayuk Cigars Inc.

A dividend of thirty-seven and one-half cents (37½¢) per share on the Common Stock of this Corporation was declared payable March 15, 1945, to stockholders of record February 28, 1945.

Checks will be mailed.

John A. Snyder
TREASURER

Philadelphia, Pa.
February 16, 1945

**MAKERS OF PHILLIES**

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### AMERICAN CYANAMID COMPANY

**PREFERENCE DIVIDEND**

The Board of Directors of American Cyanamid Company on February 20, 1945, declared a quarterly dividend of 1¼% ($.125) per share on the outstanding shares of the 5% Cumulative Preference Stock of the Company, payable April 2, 1945 to the holders of such stock of record at the close of business March 5, 1945.

**COMMON DIVIDEND**

The Board of Directors of American Cyanamid Company on February 20, 1945, declared a quarterly dividend of twenty-five cents (25¢) per share on the outstanding shares of the Common Stock of the Company, payable April 2, 1945 to the holders of such stock of record at the close of business March 5, 1945.

W. P. STURTEVANT,
*Secretary.*

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### ANACONDA COPPER MINING CO.

25 Broadway
New York 4, N. Y., February 21, 1945
DIVIDEND NO. 147

The Board of Directors of the Anaconda Copper Mining Company has declared a dividend of Fifty Cents (50c) per share upon its Capital Stock of the par value of $50. per share, payable March 26, 1945, to holders of such shares of record at the close of business at 3 o'clock P. M., on March 6, 1945.

JAS. DICKSON, Secretary & Treasurer.

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### ELECTRIC BOAT ★ COMPANY ★

**33 Pine Street, New York 5, N. Y.**

The Board of Directors has this day declared a dividend of twenty-five cents per share on the Capital Stock of the Company, payable March 10, 1945 to stockholders of record at the close of business February 27, 1945.

Checks will be mailed by Bankers Trust Co., 16 Wall St., New York 15, N. Y., Transfer Agent.

H. G. SMITH, Treasurer.
February 15, 1945.

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### INTERNATIONAL HARVESTER COMPANY

The Directors of International Harvester Company declared a quarterly dividend of sixty-five cents (65c) per share on the common stock payable April 16, 1945, to all holders of record at the close of business on March 20, 1945.

SANFORD B. WHITE
Secretary

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### KENNECOTT COPPER CORPORATION

120 Broadway, New York 5, N. Y.

February 16, 1945

A cash distribution of twenty-five cents (25c) a share and a special cash distribution of twenty-five cents (25c) a share have today been declared by Kennecott Copper Corporation, payable on March 31, 1945, to stockholders of record at the close of business on February 28, 1945.

A. S. CHEROUNY, Secretary.

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### SOUTHERN PACIFIC COMPANY

**DIVIDEND NO. 109**

A QUARTERLY DIVIDEND of Seventy-five Cents ($.75) per share on the Common Stock of this Company has been declared, payable at the Treasurer's Office, No. 165 Broadway, New York 6, N. Y., on Monday, March 19, 1945, to stockholders of record at three o'clock P. M., on Monday, February 26, 1945. The stock transfer books will not be closed for the payment of this dividend.

J. A. SIMPSON, Treasurer.
New York, N. Y., February 15, 1945.

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## DIVIDEND NOTICES

### BRITISH-AMERICAN TOBACCO COMPANY, LIMITED

**NOTICE OF DIVIDENDS TO HOLDERS OF STOCK WARRANTS TO BEARER FOR ORDINARY AND PREFERENCE STOCK.**

NOTICE IS HEREBY GIVEN that the Directors in their Annual Report have recommended to the Stockholders the payment on the 31st March 1945 of a Final Dividend on the issued Ordinary Stock for the year ended 30th September 1944 of sixpence per £1 of Ordinary Stock (free of income tax) and have declared a first interim dividend on the issued Ordinary Stock for the year from the 1st October 1944 to the 30th September 1945 of tenpence per £1 of Ordinary Stock (free of income tax) also payable on the 31st March 1945.

In order to obtain these dividends (subject to the Final Dividend being sanctioned at the Annual General Meeting to be held on the 19th February next) on and after the 31st March holders of Ordinary Stock Warrants must deposit Coupon No. 195 with the Guaranty Trust Company of New York, 11, Birchin Lane, London, E. C. 3, seven clear business days (excluding Saturday) before payment can be made.

*Both* dividends will be paid against the deposit of one Coupon only, namely, Coupon No. 195.

Holders of Stock Warrants to Bearer who have not exchanged Talon No. 3 for Talon No. 4 but have deposited Talon No. 3 with the Guaranty Trust Company of New York in New York, in accordance with the arrangement which has been announced in the Press, are notified that Coupon No. 195 will be detached from the corresponding Talon No. 4 and cancelled by the Company in London as and when the dividends to which they are entitled are paid.

The usual half-yearly dividend of 2½% on the 5% Preference Stock (less Income Tax) for the year ending 30th September next will also be payable on the 31st March 1945.

Coupon No. 83 must be deposited with the National Provincial Bank Limited, Savoy Court, Strand, London, W. C., for examination five clear business days (excluding Saturday) before payment is made.

DATED the 17th day of January, 1945.
BY ORDER OF THE BOARD,
D. M. OPPENHEIM, Secretary.
Rusham House, Egham, Surrey.

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CHICAGO GREAT WESTERN
CORN BELT ROUTE
RAILWAY COMPANY

### CHICAGO GREAT WESTERN RAILWAY COMPANY

**Preferred Stock Dividend**

A dividend of 62½c a share has been declared on the 5% Preferred Stock of this Corporation, payable on March 30, 1945, to stockholders of record at the close of business March 16, 1945. Checks will be mailed.

B. F. PARSONS,
Secretary

*Chicago, Illinois, February 6, 1945*

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CHRYSLER DODGE **Chrysler Corporation** DE SOTO PLYMOUTH

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### DIVIDEND ON COMMON STOCK

The directors of Chrysler Corporation have declared a dividend of seventy-five cents ($.75) per share on the outstanding common stock, payable March 14, 1945, to stockholders of record at the close of business February 26, 1945.

B. E. HUTCHINSON
*Chairman, Finance Committee*

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### UNION CARBIDE AND CARBON CORPORATION

UCC

A cash dividend of Seventy-five cents (75¢) per share on the outstanding capital stock of this Corporation has been declared, payable April 2, 1945, to stockholders of record at the close of business March 2, 1945.

ROBERT W. WHITE, Vice-President

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## DIVIDEND NOTICES

### CANADIAN PACIFIC RAILWAY COMPANY

**Dividend Notice**

At a meeting of the Board of Directors held today a dividend of three per cent. (seventy-five cents per share) on the Ordinary Capital Stock in respect of, and out of earnings for, the year 1944, was declared payable in Canadian funds on March 31, 1945, to Shareholders of record at 3 p.m. on March 1, 1945.

By order of the Board,

FREDERICK BRAMLEY,
*Secretary.*

Montreal, February 12, 1945.

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### CITY INVESTING COMPANY

30 BROAD STREET, NEW YORK 4, N. Y.

February 15, 1945

The Board of Directors has this day declared the regular quarterly dividend of $1.375 per share on the 5½% Series Cumulative Preferred Stock of the Company, payable on April 1, 1945 to stockholders of record at the close of business on March 17th, 1945. Checks will be mailed.

G. F. GUNTHER, Secretary

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### Magma Copper Company

**Dividend No. 90**

On February 21, 1945, a dividend of Twelve and One-half Cents (12½c) per share was declared on the capital stock of Magma Copper Company, payable March 20, 1945, to stockholders of record at the close of business March 3, 1945.

H. E. DODGE, *Treasurer.*

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## Canadian Securities

(Continued from page 849)

more forged head and, as already indicated, there still appears to be scope for further improvement.

Internals were also very strong, and there is now a clear movement not only into bonds but also into equities. Consolidated Mining and Smelting, which has long been indicated as an attractive investment, touched 56½. The Canadian dollar in the free market was consequently steadily bid and, at 9⅛% discount, has now reached the official selling level. As usual on such occasions, there was renewed discussion of the possibility of the return of the Canadian dollar to parity with the U. S. dollar.

**It would seem unlikely, however, that the competent authorities are considering the question from this angle. What is more significant at this time is the report that the additional dividend of 75 cents a share on C. P. R. common stock was declared in order to place some 6 million Canadian dollars at the disposal of Britain for the purchase of Canadian goods.**

Turning to possible future developments, it appears that the yield differential between Canadian external bonds and comparable domestic issues is at last in process of elimination. The forthcoming Quebec registered refunding issue which, according to latest reports, will consist of a 5-year 2% bond, will do nothing to retard this movement. On the contrary, it should set the pattern for the whole market. **In particular, Nationals in a similar maturity range which currently return more than 2% should move rapidly into line.**

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## Tomorrow's Markets Walter Whyte Says——

(Continued from page 839)

under the previous lows, that signals the bear market.

* * *

Despite all the milling around the market has had in the past few weeks, it didn't give the type of performance which pointed to anything but higher prices. It was merely a question of timing. And it was on that point that stress was made here.

Yet, while the averages were showing little of a positive nature, it was interesting to see that quite a few stocks made new highs. There is an old saw to the effect that bull markets are dominated by stocks; bear markets by averages.

Early in January the column gave a list of stocks which showed independent action. While the advice to buy them was not specific, the stops left no room for doubt. Since then most of them have advanced substantially. It is now time to raise the stops in these issues if for no other reason than to protect profits. Here they are:

American Crystal Sugar, bought at approximately 18½. Old stop 18 remains. American Steel Foundries at about 28, old stop 27; raise it to 29½. Baldwin Locomotive about 26, stop 25; raise stop to 28. Crucible Steel about 38, stop 35; raise stop to 41. U. S. Steel at 59, stop 58; raise stop to 59.

* * *

Neither of the two utilities, Consolidated Edison or Public Service of New Jersey, have done much in this market, though they are up since mentioned here. Former was available about 24, latter about 18. They are now, respectively, 27 and 20. Stops should be as follows: Consolidated Edison, 26; Public Service of N. J., 18.

* * *

These was another list of stocks with specific buy recommendations. With the exception of American Radiator bought at 13½, it doesn't look like you'll get them. So I suggest you forget them for the time being unless they reach buying levels during the week.

* * *

Meantime hold all positions. Market looks okay, and so long as it does there is no point in disturbing commitments.

* * *

More next Thursday.

—Walter Whyte

*[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]*

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## Equitable Life's Assets $318,329,000 Higher

Thomas I. Parkinson, President of The Equitable Life Assurance Society of the United States, reporting on the progress made by The Equitable during the past year, stated that new insurance purchased during 1944 aggregated $609,026,000, comprising $380,375,000 under individual policies and $228,651,000 under group insurance contracts. Policy lapses and surrenders dropped to a new low rate.

Life insurance owned by policyholders of The Equitable showed a record gain of $452,175,000 during 1944 to a total of $8,897,000,000, an all-time high.

The increase in dividend rates on most types of policies put into effect last year is being continued for 1945, a total of $43,800,000 being scheduled for distribution to policyholders as dividends during 1945.

Marking the continued growth in the financial strength of The Equitable, assets increased $318,329,000 during 1944, a larger gain than in any previous year, to a total of $3,507,000,000, representing funds held for the benefit of 3,200,000 owners of policies and group insurance certificates. Holdings of U. S. Government obligations aggregated $1,568,317,000 at the year-end.

Benefit payments to policyholders and their families averaged $26,000 an hour throughout the past year, a total of $230,992,000.

The Equitable during the past year paid $2,816,000 to beneficiaries of 1,209 individual policyholders as a result of their deaths while in military service. This represents slightly less than 5% of the total amount paid on death claims among all policyholders during the year.

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NEW YORK 4, N. Y.

CHICAGO DETROIT PITTSBURGH
GENEVA, SWITZERLAND

# Calendar Of New Security Flotations

## OFFERINGS

**CENTRAL TELEPHONE CO.** on Jan. 27 filed a registration statement for 35,000 shares of $2.50 cumulative preferred stock, series A (no par), stated value $50 per share. All of the shares registered are issued and outstanding and are owned by Central Electric & Gas Co. (parent).

**Details**—See issue of Jan. 27, 1945.

**Underwriters**—Paine, Webber, Jackson & Curtis, Loewi & Co. and associates.

**Offered**—Offered Feb. 19 at $52.25 per share and dividend.

**OKLAHOMA GAS & ELECTRIC CO.** on Jan. 18, 1945 filed a registration statement for $35,000,000 first mortgage bonds, due Feb. 1, 1975.

**Details**—See issue of Jan. 25, 1945.

**Bonds Awarded**—Issue awarded Feb. 19 to Halsey, Stuart & Co., Inc. and associates on bid of 100.02 as 2¾s.

**Offered**—Offered Feb. 21 at 101 and interest by Halsey, Stuart & Co. and 134 other investment dealers.

## NEW FILINGS

**List of issues whose registration statements were filed less than twenty days ago, grouped according to dates on which registration statements will in normal course become effective, unless accelerated at the discretion of the SEC.**

## THURSDAY, FEB. 22

**SAVANNAH-ST. AUGUSTINE GAS CO.** on Feb. 3 filed a registration statement (No. 2-5582) for 6,250 shares of 5% cumulative preferred stock, par $100, and 30,000 shares of common stock, par $10.

**Details**—See issue of Feb. 8, 1945.

**Offering**—Offering price of preferred is $100 per share and that of common $15 per share.

**Underwriters**—Clement A. Evans & Co., Inc.; Johnson, Lane, Space & Co., Inc.; Robinson-Humphrey Co.; Courts & Co.; Varnedoe, Chisholm & Co., Inc.; Putnam & Co.; Kirchofer & Arnold, Inc.; Milhous, Martin & McKnight, Inc., and J. H. Hilsman & Co., Inc.

## SATURDAY, FEB. 24

**DIANA STORES CORP.** on Feb. 5 filed a registration statement for 40,000 common stock purchase warrants and 40,000 shares of common stock par value $1 per share, issuable pursuant to these warrants.

**Details**—See issue of Feb. 15, 1945.

**Offering**—40,000 shares of common stock are issued and outstanding and are not offered for account of company. Company is offering 40,000 shares of common issuable upon the exercise of the stock purchase warrants and the payment of $7 per share.

**Underwriters**—Not named.

## TUESDAY, FEB. 27

**BENSON AND HEDGES** on Feb. 8 filed a registration statement for 30,000 shares of common stock (no par).

**Details**—See issue of Feb. 15, 1945.

**Offering**—Company is offering the 30,000 shares of common stock to holders of outstanding $2 cumulative convertible preferred stock and holders of common stock for subscription at rate of one share of common for each two shares of stock, preferred or common, held Feb. 27, 1945, at $25 per share. Tobacco and Allied Stocks, Inc., majority owned of outstanding voting stock has expressed its intention of exercising its subscription rights and also has agreed to subscribe for all unsubscribed shares at $25 per share.

**Underwriters** — Agreement with parent made it unnecessary for company to enter into any underwriting agreement.

## MONDAY, MARCH 5

**WARREN PETROLEUM CORP.** has filed a registration statement for $3,000,000 10-year sinking fund debentures, due March 1, 1955 (interest rate to be filed by amendment) and 150,000 shares of common stock (par $5). The stock is issued and outstanding and is being offered by stockholders.

**Address**—2000 National Bank of Tulsa Building, Tulsa, Okla.

**Business**—Manufacturing, marketing and transportation of natural gasoline and liquefied petroleum gas, etc.

**Offering**—Of the $3,000,000 debentures to be sold by the company, $1,000,000 are to be sold to four stockholders at the public offering price and the remaining $2,000,000 are to be sold to the underwriters for public offering. The public offering prices of the debentures and the stock will be filed by amendment. The sale of debentures to stockholders will be made as follows: W. K. Warren, President and Director, $500,000; Natalie O. Warren, $100,000; Gertrude L. La Fortune, $300,000, and Mabel H. Felt, $100,000. The selling stockholders include W. K. Warren, 80,000 shares; Natalie O. Warren, 10,000; Gertrude L. La Fortune, 43,800, and Mabel H. Felt, 15,000 shares.

**Proceeds** — Company will use approximately $751,813 of the proceeds to pay a bank loan in the principal amount of $750,000 and the balance will be added to working capital. Selling stockholders will receive the entire net proceeds from the sale of common stock.

**Underwriters** — Merrill Lynch, Pierce, Fenner & Beane head the underwriting group, with the names of others to be supplied by amendment.

**Registration Statement** No. 2-5585. Form S-1. (2-14-45).

**LACLEDE GAS LIGHT CO.** has filed a registration statement for $19,000,000 first mortgage bonds due Feb. 1, 1965, and $3,000,000 serial debentures due serially March 1, 1948 to March 1, 1955. Interest rates will be filed by amendment.

**Address**—1017 Olive Street, St. Louis, Mo.

**Business**—Public utility.

**Offering**—The price to the public of the bonds and debentures will be filed by amendment.

**Proceeds**—Proceeds from the sale of the bonds and debentures together with proceeds to be received from the sale of electric properties to Union Electric Co. of Missouri and from Ogden Corp. together with funds now held in the sinking funds and other treasury funds will be used for redemption of debt aggregating $32,246,000. The transactions are to be effectuated under a voluntary plan filed by Ogden Corp., parent of Laclede Gas and subsidiary companies to comply with Section 11(b) of the Public Utility Holding Company Act which was approved by the Securities and Exchange Commission on May 27, 1944. The securities to be refunded follow: Refunding and extension mortgage 5% bonds due April 1, 1945, $9,246,000 at 100; first mortgage collateral and refunding 5½s series C due Feb. 1, 1953, $17,500,000 at 100, and first mortgage collateral and refunding 5½s series D due Feb. 1, 1960, $5,500,000 at 100. Ogden Corporation has indicated that it intends to sell the 2,165,296 shares of new common stock of Laclede Gas which it will receive under the recap plan of Laclede simultaneously with the sale by Laclede of its bonds and debentures.

**Underwriters**—Bonds and debentures will be offered for sale at competitive bidding and interest rates will be named by the successful bidder. The names of the underwriters will be filed by amendment.

**Registration Statement** No. 2-5586. Form S-1. (2-14-45).

## TUESDAY, MARCH 6

**MUTUAL TRUST** has filed a registration statement for 300,000 shares of beneficial interest.

**Address**—1016 Baltimore Avenue, Kansas City, Mo.

**Business**—Investment trust.

**Offering**—At market.

**Proceeds**—For investment.

**Underwriters**—Investors Fund, Inc., Kansas City, Mo., is named principal underwriter.

**Registration Statement** No. 2-5587. Form S-5. (2-15-45).

**SOLAR MANUFACTURING CO.** has filed a registration statement for 50,000 shares of common stock. The shares are issued and outstanding and do not represent new financing.

**Address**—285 Madison Avenue, New York City, N. Y.

**Business**—Manufacture of fixed capacitors, also known as fixed condensers.

**Offering**—The offering price to the public will be filed by amendment.

**Proceeds**—The 50,000 shares are being sold by Otto Paschkes and Paul Hetenyi, President and Executive Vice President, respectively, of the company, who will receive the proceeds from the sale.

**Underwriters**—The underwriting group is headed by Van Alstyne, Noel & Co. Others will be filed by amendment.

**Registration Statement** No. 2-5588. Form S-1. (2-15-45).

## WEDNESDAY, MARCH 7

**BLUEFIELD SUPPLY CO.** has filed a registration statement for 4,990 shares of common stock, par $100.

**Address**—Bluefield, West Virginia.

**Business** — Distributors of mine, mill, electrical and contractors supplies and equipment, etc.

**Offering**—The offering price is $100 per share. The new common is being offered to present stockholders on a pro rata basis of their holdings as of March 15, 1945. Any stock unsubscribed within 30 days after such offer may be sold at the discretion of the board of directors for cash at a price of not less than $100 per share to such persons as, in their judgment, will promote the best interests of the company.

**Proceeds**—The proceeds will be used to reimburse the company for funds spent in opening additional stores and for other corporate purposes.

**Underwriters**—None named.

**Registration Statement** No. 2-5589. Form S-1. (2-16-45).

## SATURDAY, MARCH 10

**AUTOMOBILE DEALERS INSURORS, INC.** has filed a registration statement for 4,985 shares of preferred stock and 7,470 shares of Class A common stock.

**Address**—519 Commerce Building, Kansas City, Mo.

**Business**—To act as the general agent for insurance companies and to do a general agency business for insurance companies, etc. Incorporated Dec. 22, 1944.

**Offering**—It is proposed that preferred stock and Class A common stock will be offered only to factory authorized automobile dealers and automobile finance men in blocks of one share of preferred and two shares of Class A common for the sum of $101.

**Proceeds**—To provide capital.

**Underwriters**—None named.

**Registration Statement** No. 2-5590. Form S-2. (2-19-45).

## DATES OF OFFERING UNDETERMINED

**We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us.**

**ACME ALUMINUM ALLOYS, INC.** on Jan. 29 filed a registration statement for 185,000 shares of common stock (par $1) and 40,000 shares of $1.10 cumulative convertible preferred (par $17.50).

**Details**—See issue of Feb. 1, 1945.

**Offering Price**—Offering price of preferred stock is given at $20.75 per share and of common at $8 per share.

**Underwriters**—Reynolds & Co., and Gillen & Co.

**A. P. W. PRODUCTS CO., INC.** on Jan. 27 filed a registration statement for $2,000,000 20-year 5% first mortgage sinking fund bonds and 40,000 shares of capital stock (par $5).

**Details**—See issue of Feb. 1, 1945.

**Offering**—Holders of outstanding $2,000,000 20-year 6% first mortgage sinking fund bonds due 1948 are given the privilege of tendering their bonds for redemption as of April 1, 1945 at 102½ and interest, or, in the alternative, to assent to an extension of the maturity date to April 1, 1965 and the reduction of interest to 5% per annum and to receive in consideration for such extension $25, the amount equivalent to the 2½% redemption premium, and in addition 20 shares of the company's ($5 par) common stock. The extension offer will expire at noon Feb. 26, 1945. Bonds not tendered for extension will be redeemed at 102½ and accrued interest to April 1, 1945. After the expiration of the extension offer, an amount equal to the unextended 6% bonds are to be offered to the public by the underwriters at the initial offering price of $1,000 "per unit" consisting of $1,000 20-year 5% first mortgage sinking fund bond and 20 shares of common stock.

**Underwriters** — Allen & Co., Bond & Goodwin, Inc., E. W. Clucas & Co., R. H. Johnson & Co., Schoellkopf, Hutton & Pomeroy, Inc., Buckley Brothers, George R. Cooley & Co., Inc., Brailsford & Co., and Ferris, Exnicios & Co.. Inc.

**ARKANSAS-MISSOURI POWER CORP.** on Dec. 4 filed a registration statement for $2,000,000 first mortgage bonds, series A, 3⅛%, due Dec. 1, 1974.

**Details**—See issue of Dec. 7, 1944.

**Offering**—The bonds will be offered for sale at competitive bidding.

**BENDIX HELICOPTER, INC.** on Feb. 2 filed a registration statement for 1,400,000 shares of capital stock, par value 50 cents.

**Details**—See issue of Feb. 8, 1945.

**Offering**—Of shares registered 1,000,000 are to be offered presently proportionately to holders of outstanding stock on basis of four additional shares for each five shares held at $1.60 per share; 200,000 shares are reserved to be issued when, as and if certain outstanding options are exercised, and 200,000 additional shares are reserved to be issued when, as and if certain stock option warrants to be issued by the corporation to the underwriters are exercised. Such shares of stock as are not subscribed for by the stockholders will be offered to the public by the underwriters at $2 per share.

**Underwriters**—Kobbe, Gearhart & Co., Inc., and Bond & Goodwin, Inc., are named principal underwriters.

**CENTRAL OHIO LIGHT & POWER CO.** on Dec. 28 filed a registration statement for 11,972 shares of preferred stock, cumulative ($100 par). The dividend rate will be filed by amendment.

**Details**—See issue of Jan. 4, 1945.

**Offering**—Company proposes to invite proposals for services to be rendered to it in obtaining acceptances of the exchange offer of new preferred stock for old preferred and for the purchase from it of such of the 11,972 shares as are not exchanged pursuant to the exchange offer.

**FLORIDA POWER CORP.** on July 21, 1944 filed a registration statement for 40,000 shares cumulative preferred stock (par $100). The dividend rate will be supplied by amendment.

**Details**—See issue of July 27, 1944.

**Offering**—Stock is to be offered for sale by the company pursuant to Commission's competitive bidding Rule U-50.

**Underwriters** — Names of underwriters will be filed by post-effective amendment. The successful bidder will name the dividend rate on the stock.

**GENII CORP.** on Dec. 23, 1944 filed a registration statement for 1,868 shares of common stock.

**Details**—See issue of Jan. 4, 1945.

**Underwriters**—Company plans to sell the securities registered direct to the public without the assistance of underwriters or dealers.

**Offering Price**—Offering price is $100 per share.

**HERFF JONES CO.** on Jan. 27 filed a registration statement for 60,000 shares of class A preference stock, par $1. The shares are issued and outstanding and do not represent new financing.

**Details**—See issue of Feb. 8, 1945.

**Offering**—The offering price is $10 per share.

**Underwriters**—Cities Securities Co., Indianapolis, is the principal underwriter.

**NATIONAL PRESSURE COOKER CO.** on Dec. 19 filed a registration statement for 150,000 shares of common stock (par $2).

**Details**—See issue of Dec. 28, 1944.

**Offering**—Stock will be offered to common stockholders of record on Jan. 25, 1945, in the ratio of one and one-half shares for each share of stock held at $15 per share. Subscription rights expire Feb. 25.

**NORTHERN PENNSYLVANIA POWER CO.** on Jan. 26 filed a registration statement for $4,000,000 first mortgage bonds due 1975.

**Details**—See issue of Feb. 1, 1945.

**Competitive Bidding**—The bonds are to be sold under the Commission's competitive bidding rule, with the interest rate to be named by the successful bidder.

**Underwriters**—To be named by amendment.

**OHIO WATER SERVICE CO.** on Dec. 7 filed a registration statement for 80,880 shares of common stock, par $10. The shares are now outstanding and are being sold by Federal Water & Gas Corp.

**Details**—See issue of Dec. 14, 1944.

**Underwriters**—Otis & Co. are principal underwriters.

**OLD STAR DISTILLING CORP.** on Aug. 14, 1944 filed a registration statement for 5,000 shares of $100 preferred stock, non-cumulative and non-participating. Price to public will be $110 per share.

**Details**—See issue of Aug. 24, 1944.

**Underwriters**—No underwriter named.

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## Business Man's Bookshelf

**Australia Looks to the Future**—A report on Australian thinking on war and post-war problems—Australian News and Information Bureau, 610 Fifth Avenue, New York 20, N. Y.—paper.

**Economic Relations with the U. S. S. R.**—Alexander Gerschenkron—Committee on International Economic Policy, 18 Pine Street, New York 5, N. Y.—paper—10¢.

**International Tribunals**—Manley O. Hudson—The Carnegie Endowment for International Peace and The Brookings Institution—Washington 6, D. C.—cloth—$2.50.

**Money and the Law**—Views of 16 experts in the fields of domestic and international monetary matters and international and constitutional law — Proceedings of the Institute on Money and the Law—1945—Law School, New York University, 100 Washington Square, New York 3, N. Y.—$2.50.

**Social Security**—A statement by the Social Security Committees of the American Life Convention, the Life Insurance Association of America, and The National Association of Life Underwriters—paper.

## Elliott Roosevelt Is Confirmed as Brig.-Gen.

The U. S. Senate, on Feb. 12, by a vote of 53 to 11, confirmed the nomination by President Roosevelt of his 34-year-old son, Col. Elliott Roosevelt, to the rank of Brigadier General. Associated Press advices from Washington on Feb. 12 stated that "previously some Republicans charged and Democrats denied that favoritism was shown Col. Elliott Roosevelt over 9,600 Colonels awaiting promotion. The nominations of 77 other Colonels to be Brigadier Generals named by the President on Jan. 25 at the time of his son's nomination were also approved by the Senate on Feb. 12."

With Col. Roosevelt's nomination several Senators were reported as saying that the Army priority practices accorded his bull mastiff, 'Blaze,' in a cross country plane to Hollywood would not enter into consideration of his fitness for promotion. Associated Press accord on Jan. 25 said:

"Chairman Stewart, in charge of the subcommittee, said the inquiry, relating only to priority practices, did not involve in any way the right of young Roosevelt to a promotion. Senators Bridges and Maybank agreed. Senator Revercomb said that 'you may be certain the promotion will receive careful consideration. If he is entitled to promotion on the basis of his record, it will be confirmed. If he isn't, it will be opposed.'"

## Cashier's Association Elects New Officers

The annual dinner of the Cashiers Association of Wall Street, Inc. was held on Feb. 21 at the was held on Feb. 21st at the Henry Henry Hudson Hotel, New York.

The following officers were elected for 1945: President, Ralph Jones, E. H. Rollins & Sons, Inc.; First Vice-President, Joseph F. Hughes, Blair Securities Corp.; Second Vice-President, Joseph Costa; Secretary, Daniel Breitbart, F. Everstadt & Co., and Treasurer, Robert J. Humphrey, Jr., Paine, Webber, Jackson & Curtis.

Directors named were: Fred W. Q. Birtwell, Leo P. Deignan, M. Leslie Denning, Thomas P. Keely, Thomas B. MacDonald, William Vanek and Marvin W. Waldbillig.

Kenneth Martin, Walter F. Sullivan and Herbert Cullinan were presented for the nominations committee for 1945.

## Russia Denounced by Lithuanian Council

The Lithuanian American Council, representing, it said, almost a million persons of Lithuanian descent in the United States, at the conclusion of a three-day executive meeting in Washington, on Feb. 18 contended that Soviet Russia has imposed a totalitarian regime on the Baltic States and appealed to the United States Government to help them get "a free and independent" Lithuania again, it was stated in Associated Press dispatches from Washington on Feb. 18, which added:

The Council also asked this Government to help alleviate the physical suffering of the Lithuanian people by providing aid through established relief channels.

In a statement outlining the Council's position, it said that Lithuania, Latvia and Estonia had lived in peace with Russia and that the Russians had agreed to respect their national sovereignty and not to interfere in their internal affairs.

"When the Nazis were pressing on Paris," the Council's statement added, "the Soviet Union took advantage of international confusion and violated its treaty pledges by occupying the Baltic States and introducing by force of arms a Communist regime."

Recalling that the United States, Great Britain and Russia, through the Yalta declaration, had reaffirmed faith in the principles of the Atlantic Charter, which included freedom for liberated peoples to create democratic institutions of their own choice, the Council called upon this Government to help the Lithuanians achieve a "free and independent" country once more.

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# "Our Reporter on Governments"

**By JOHN T. CHIPPENDALE, JR.**

"The same circumstances which have made it advisable to concentrate a large proportion of the wartime debt in securities of short maturity will continue in time of peace. . . . The funding of a major portion of the short-term debt into long-term securities, on the other hand, would serve merely to increase the interest cost to the Government, and to shift the risk of future changes in interest rates (and corresponding movements, in the opposite direction, of bond prices) from the Government to private investors. . . . I see no need, therefore, for any large-scale refunding of short-term Government securities into long-term ones during the transition of post-war periods. . . ." These statements by Secretary of the Treasury Morgenthau on "Debt Management," in his annual report to the Congress for the fiscal year 1944, gave added impetus to an already strong Government bond market which last week again moved to new all-time high levels. . . . The stand taken by the Secretary of the Treasury with reference to the handling of our huge debt gave official confirmation to factors that have been evident in the money markets. . . . These factors are:

(1) Interest rate will remain low. Because of the large debt, which will continue to increase, interest rates must be kept down so that the debt charges will not become more of a burden. . . .

(2) Service charges on the huge debt can be kept down through a large short-term debt. It is cheaper to finance with ⅜% Treasury bills, ⅞% certificates of indebtedness and 1% or 1¼% Treasury notes than with 2% and 2½% bonds. . . .

(3) The Government has such complete control over the money markets that they are not concerned about refunding of maturing obligations. . . .

(4) The pattern of financing used during the war, with a large floating debt, will not be changed with the coming of peace. . . . . It is indicated that the conversion of short-term securities, with low rates, into long-term obligations with higher rates will not take place, if it results in an over-all increase in debt charges. Long-term refunding operations will probably be coordinated with a program of debt retirement. . . .

### INVENTORY BUYING

With no change in interest rates indicated in the foreseeable future, and no large increase in long-term obligations looked for, many institutions that have been heavy in short-term Government issues have rushed into the market to build up their positions in the longer-term obligations. . . . As a result of this buying the yield on Government obligations has gone to historical low levels. . . .

**Some of the recent purchases of the intermediate and long-term issues, it is reported, have been made because of fear that in the future large holders of Governments will be forced to take long-term issues with a much lower coupon rate. . . .**

Money market experts characterize this as the worst type of wishful thinking, and point out that every action of the Government in financing its needs gives proof that the large debt will be handled the honest way, the hard way. . . . Also, it was recalled, that in the not too distant past, many institutions using this same kind of thinking were not very enthusiastic in their purchases of the 2% bonds at 100, when they were originally offered, because the maturity was considered too long. . . .

### FEDERAL A FACTOR

While the heavy demand for securities by the financial institutions has been directly responsible for the sharp rise in prices of Government obligations, it was pointed out by students of the money markets that the action, or lack of action, by Federal authorities have contributed indirectly to the upward movement in quotations for these issues. . . . It was noted that excess reserves of the system have been maintained in part, through Government disbursements from accounts with the Federal Reserve Banks, and the excess of expenditures over receipts has placed additional reserve funds at the disposal of the banks of the country. . . .

**It is indicated that if the Governmental authorities were not in agreement with the action of the Government bond market, they would not have continued the policy of keeping excess reserves at the billion-dollar mark or higher, as was the case in the recent past. . . .**

Holdings of Government bonds by the Federal Reserve Banks amounted to $824,670,000 on Feb. 15, 1945, a decline of only $93,045,000 from the totals reported at the end of the last War Loan, when the rise in the Government bond market started. . . . These sales of Government bonds by the Central Banks compare with bond purchases by the member banks from Dec. 20, 1944 to Feb. 7, 1945 of $852,000,000. . . .

### DISTRIBUTION

During this period the government bond market has gone to all-time highs, and the action of the Federal authorities in disposing of only a small amount of their bonds, has led to speculation as to whether or not the Central Banks had large enough holdings of long-term government obligations to have had an important effect on the rising market, even if they had wanted to. . . .

The sharp demand for the last four maturities of the partially exempt issues, has undoubtedly prompted inquiries as to the latest available data on the holders of these obligations. . . . The last figures published by the Treasury were for the month ended Nov. 30, 1944, and disclosed the following:

HOLDINGS

($000,000 omitted)

| Total Amount Outstanding | Security | Comm'l Banks | Stock Savings Banks | Mutual Savings Banks | Life Insur. Co.'s | Fire and Casualty Co.'s | Gov't. Agencies and Fed. Res. Banks | Other Investors |
|---|---|---|---|---|---|---|---|---|
| $2,611 | 2⅞% due 1955-60 | $988 | $31 | $48 | $115 | $135 | $363 | $931 |
| 982 | 2¾ due 1956-59 | 472 | 16 | 43 | 121 | 73 | 127 | 130 |
| 919 | 2¾ due 1958-63 | 425 | 12 | 21 | 205 | 73 | 73 | 109 |
| 1,485 | 2¾ due 1960-65 | 760 | 15 | 34 | 159 | 111 | 110 | 296 |
| $5,997 | Total | $2,645 | $74 | $146 | $600 | $392 | $673 | $1,466 |

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## Treasury Warns on Russian Bonds

Assistant Secretary of the Treasury Harry White on Feb. 20 denied that the United States and the Soviet Union were negotiating for a settlement on defaulted Imperial Russian Government bonds, said a United Press dispatch from Washington on Feb. 20, which added:

The Czarist dollar loans, repudiated by the Soviets after the revolution, have been bid up recently to the highest prices in 17 years on rumors that the Soviets might make a settlement.

"No deals are being made; none has been made, and none is planned now," Mr. White said.

Yesterday the bonds—the 5½% bonds of 1919 and the 6½s of 1921—closed on the New York Curb Exchange at 20, or $200 for each $1,000 bond, for a net gain of 5¼ points, or $52.50, on the day. In 1939, before Russia entered the war against Germany, these bonds sold as low as three-sixteenths of 1 point, or $1.87 a $1,000 bond.

## Newborg To Admit

Newborg & Co., 30 Broad Street, New York City, members of the New York Stock Exchange and other leading exchanges, will admit Ruth Weinberg to limited partnership on March 1st.

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# The Commercial and FINANCIAL CHRONICLE

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## The Financial Situation

Nearly 10 days have elapsed since the authorities, with a great flourish of drums and of trumpets, told the public what they thought it should know or believe about what went on at Yalta. It has been a source of encouragement to us to observe from day to day the growing inclination on almost all sides to inquire more and more closely into the reports of that conference—and to inquire, we may add, with increasing evidence of an inclination to ignore current propaganda and inquire what really was achieved. Few announcements have ever been more carefully "staged" or accompanied by greater effort to be certain that the public would be convinced that miracles had been achieved. Seldom has any announcement, moreover, been received with louder and more universal immediate acclaim. For a time it appeared, for reasons not altogether easy to discern, as if the public would insist upon being badly "taken in."

### Military Gains

It is possible that what appear to be real military gains in the conduct of the war against Germany may have been in large part responsible for the enthusiasm which seemed at first to greet this announcement. Right or wrong, many had grown dubious of Russia's intentions as the winter months wore on. When the Red Army at length began to move it appeared to many that the Allies in the West were not ready to move with it. There was a widespread feeling of uneasiness that the military efforts of the armies in eastern Europe and those to the west were not well coordinated—and even some feeling that there was danger of fundamental differences among the Allies which might presently even more seriously interfere with the most effective conduct of the war against Germany. The joint communique following the Yalta conference appears to give solid

(Continued on page 860)

## From Washington Ahead of the News

By CARLISLE BARGERON

Unless we are mistaken, there is likely to be anything but peace and serenity in the Congress the next few weeks. On the assumption that these men are close to the people, especially those of the House, and despite the Gallup Polls to the contrary, we are in an awful ferment of doubt, suspicion and distrust. There are some writers and some radio commentators who are making money these days by explaining to us the Axis propaganda. Their explanations are always pretty devious and reflect mostly an adventure into the high stratosphere of intellects.

Carlisle Bargeron

But, as we gather from the members of Congress, a real need is that somebody explain our own propaganda. It is closer to home and more important.

Several weeks ago MacArthur went into Manila and liberated thousands of Americans at Santo Tomas University and at Bilibidi prison. A more stirring and heart-warming story in this war was yet to be written for us. A few weeks elapsed and we have yet to receive more than a fragmentary list of those rescued. We have read, that is, those who closely read the newspapers, that the Japs came back and bombed both the university and the prison. Did they kill a lot of our people, those pathetic souls who after three years of imprisonment now faced release, only to die? Nobody seems to be able to find out what happened.

We should say at this point that we are not reporting what runs through our own mind, but the doubts expressed and the questions raised by members of Congress, the overwhelming number of whom have been inarticulate so far, and who are up against, in so far as their constituents are concerned, the pageantry of the Yalta conference which they in their hearts don't believe means a thing and about which their constituents are asking them the one question:

"When do the boys come home?"

These other thoughts are running through their minds: MacArthur's great success and the more recent headlining of Admiral Nimitz' attack on the mainland of Japan seem to coincide with the Allies not doing so well on the Western front. What are the people to think? One day the Russians are within 30 miles of Berlin. We on the Western front are getting ready for a big

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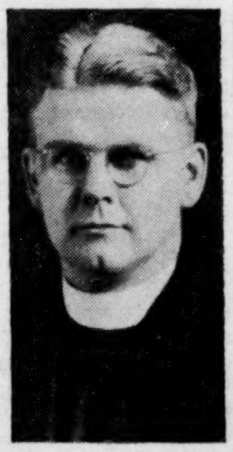
## The Price and Quantity of Money

By REV. BERNARD W. DEMPSEY, S. J.
Regent, School of Commerce and Finance, Saint Louis University

**Holding That Economic Values Must Ultimately Be Related to Human Values, Father Dempsey Argues That the Analysis of the Nature of Interest Cannot Yield "a Numerical Natural Rate." Points Out That Since Capital Values Are Not Always the Result of Savings, "Capital Values Bear No Necessary Relation to Antecedent Costs," and the Interest Rates, Therefore, Are Bank Rates and Not What Rates Would Be if Dependent Entirely on Savings. Denies Keynes' Theory That Under Ideal Conditions, Pure Interest Would Be at Zero. Urges Solving Economic Problem Directly by Social Reform**

"The Commercial and Financial Chronicle" is to be congratulated on its wisdom in devoting space not only to day-by-day "practical" questions, but also to the fundamental issues which lie behind the practical. At the present time such discussion is not an academic sham battle, but genuine argument in which somebody is wrong. And we need to know who that somebody is.



Rev. B. W. Dempsey

Mr. Potter's "Theory of Interest" ("Chronicle," Dec. 14, 1944), which I am asked to discuss, deals with a twofold subject matter which Mr. Potter rightly seeks to integrate: (a) acute observations on the actual operation of the banking and monetary system in itself and in relation to his own theory of the ultimate basis of value and valuation; and (b) ingenious observation on the ultimate grounds of economic value, and capital value and valuation in particular.

Economic values, since they have meaning only in serving human uses, must ultimately be related to human values. Human life in its fullest development is therefore the supreme economic value. Actually, the initiation and safeguarding of life within the family is the mainspring of economic activity. Children are always the principal investment of each generation, an investment which takes some 20 years to mature. This human investment requires maintenance during the period of maturing and the economy must produce a surplus sufficient to maintain it. The stability of this social framework causes Mr. Potter to see therein a natural constant such as the physical sciences employ; the 20-year development period involves a 5% natural rate of interest.

Actually, such an analysis cannot yield a numerical natural interest rate; rather it yields the practical and weighty conclusion that a healthy economy is one which actively serves these human purposes, is one whose economic institutions are such that basic social institutions like the family flourish and function easily and efficiently. Nor could Mr. Potter's 5% natural interest rate ever be a matter of rigid contractual (cummutative) justice. Contractual justice concerns specific obligations between persons; here we have a relation between a person and the community. The only justice involved here is social justice. Social justice is the great but often neglected obligation of all members of the community to contribute positively to the community, which they need for their own maintenance and development. Such considerations, however radical and true, cannot furnish us with the social equivalent of **"pi"** or **"e"** or **"i."**

In analyzing the actual operations of the banking and monetary system, Mr. Potter's acumen brings to light several valuable considerations. Some of them are new; some of them, though known, have never before been so neatly presented. The first of these is that the liquidity of the banks often conflicts with the liquidity of business; surely they should be

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*These items and reports appeared in our issue of Feb. 19, on pages indicated.

## Chester Bowles Says He Has Been Misinterpreted

**In Letter to Editor, OPA Administrator Takes Exception to Statement That His Organization Had to Be Given Something to do or "Disintegrate".**

In a letter to the Editor dated Feb. 14, Chester Bowles, Administrator of the Office of Price Administration, strongly objects to the comment which appeared in Carlisle Bargeron's weekly column, "Washington Ahead of the News," in the "Chronicle" of Jan. 18, 1945, page 289, and which related to a letter written by Mr. Bowles to Marvin Jones, Food Administrator. Mr. Bowles contends that the comment "seems to me a most unfortunate example of misquoting from a confidential letter" and that the sentences referred to in the letter "have been removed from their context and completely misinterpreted."

Chester Bowles

The text of Mr. Bowles' letter to the Editor follows:

Editor, "Commercial and Financial Chronicle":

I am writing to comment on your piece [refers to article appearing under the "by" line of Carlisle Bargeron.—Editor] in the Jan. 18 issue of the "Commercial and Financial Chronicle," in which you reported that I wrote to Marvin Jones that the morale of the OPA was going to pieces because the agency "felt it was being given the runaround in the Washington bureaucracy. The OPA had to be given something to do, otherwise his organization would disintegrate."

This comment seems to me a most unfortunate example of misquoting from a confidential letter. Not only is the quotation inaccurate, but the sentences to which you refer have been removed from

(Continued on page 867)

# "Bretton Woods Agreements Act" Introduced In Congress

**Bill Authorizes President to Accept Membership of U. S. in Both International Fund and Bank. Makes Appropriations of Necessary Funds, but Bans Changes in Gold Value of the Dollar. Secretary of Treasury's Power to Change Price of Gold Not to Be Reflected in Par Value of Dollar Fixed by Fund, Without Approval by Congress. Fund Immune From Suits by Individuals, but Suits Against Bank Permitted in Federal Courts. Johnson Act Repeal Limited to Loans of Countries That Are Members of Fund.**

In compliance with the President's special message to Congress on February 12, urging the immediate adoption of the Bretton Woods Agreements of July 22, 1944, Senator Robert Wagner (Democrat of New York), and Representative Brent Spence (Democrat of Kentucky), both respectively chairman of the Senate and the House Committees on Banking, introduced in their respective chambers identical bills providing for adherence of the United States to the International Monetary Fund and the International Bank for Reconstruction and Development. Since the acceptance of both institutions is provided in the bill, as the matter now stands, Congress must vote for both the Fund and the Bank jointly, and this would ignore the recommendation of the committees of the leading banking associations which favored the proposal for an international bank, but which urged postponement or defeat of participation in the International Monetary Fund.

An important provision in the proposed measure, which is undoubtedly aimed at allaying Congressional opposition, is the restriction placed on the United States representatives on both the Fund and on the Bank that they shall not consent to any change in this country's quotas, or to a change in the gold value of the dollar without the specific approval of Congress. Though the bill does not directly deprive the Secretary of the Treasury of his present power to set the price for the buying or the selling of gold bullion, it effectively nullifies or suspends this power by the provisions in Section 6, which stipulates that the par of the U. S. dollar in the Fund "shall not be communicated as other than 15 5/21 grains of gold, nine-tenths fine." Thus under the measure, as well as under the plan of the International Fund, other members of the Fund, either without (up to 10 per cent) or, with the consent of the Fund, to a greater amount, might change the value of their currencies in terms of gold. But the gold value of the dollar can be changed only after the consent or approval of Congress. This may tie the hands of the United States representatives in any currency devaluation contest that might develop in the administration of the Fund.

Another provision of the bill (Section 10) provides merely for a partial repeal of the Johnson Act. This act places a ban on the flotation in the United States of loans of foreign governments which are in default on their obligations to the United States. As it is proposed, under the organization of the International Bank, that both the direct and the guaranteed issues of the bank are to be negotitated in the United States capital market, it has become necessary to repeal this law, if the Bank is to function at all. However, the bill provides merely that the ban be removed with respect only to governments or countries that are included in the membership of both the Fund and the Bank.

Another matter which the bill attempts to settle is that relating to the legal status of the International Fund and the Bank, together with its employees, in this country. The measure provides that the Fund, as a governmental agency, can be sued only with its own consent, but the Bank can be sued by individuals, since it is to transact business with the public through issuing its own obligations or guaranteeing the obligations of others. All suits against the Fund and the Bank are placed exclusively under the jurisdiction of the Federal Courts.

Senator Wagner, in addressing the Senate on the introduction of the bill, stated that he and his colleagues in the House of Representatives had three objects in mind "First, we wanted a bill which would give Congressional approval to United States' participation in the International Fund and the International Bank. In the second place, we wanted to make certain that the bill contained all of the affirmative legislation necessary for the United States to participate in the Fund and the Bank, including the payment of the subscriptions of the United States. And finally, we wanted to prevent any fundamental changes being made in the Fund or the Bank, or in the participation of the United States in these institutions, without the specific approval of Congress."

"We believe," he continued, "that the bill which we are introducing accomplishes all of these objectives. Under it the United States will be enabled to assume its rightful position of leadership in international monetary and financial affairs. Because of the great importance of the bill, I should like to outline briefly the content of its various sections."

The full text of the Wagner-Spencer Bill (S. 540) having the short title "Bretton Woods Agreements Act" follows:

### A BILL

To provide for the participation of the United States in the International Monetary Fund and the International Bank for Reconstruction and Development.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled.*

### Short Title

Section 1. This Act may be cited as the "Bretton Woods Agreements Act."

### Acceptance of Membership

Sec. 2. The President is hereby authorized to accept membership for the United States in the International Monetary Fund (hereinafter referred to as the "Fund"), and in the International Bank for Reconstruction and Development (hereinafter referred to as the "Bank"), provided for by the Articles of Agreement of the Fund and the Articles of Agreement of the Bank as set forth in the Final Act of the United Nations Monetary and Financial Conference dated July 22, 1944, and deposited in the archives of the Department of State.

### Appointment of Governors and Executive Directors

Sec. 3. The President, by and with the advice and consent of the Senate, shall appoint a governor of the Fund and an alternate, and a governor of the Bank and an alternate. The term of office of each shall be five years. The President, by and with the advice and consent of the Senate, shall appoint an executive director of the Fund and an executive direc-

(Continued on page 862)

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# Increase of Federal Debt Limit to 300 Billion Sought

Legislation which would raise the public debt limit from $260,000,000,000 to $300,000,000,000 was introduced in the House on Feb. 13 by Representative Doughton (Democrat), Chairman of the House Ways and Means Committee. The proposed figure, it is noted, is about 7 times the pre-war level, and the debt is currently some $241,000,000,000. Advices Feb. 13 to the New York "Journal of Commerce" from its Washington bureau noting this said in part:

"At approximately the end of the 1940 fiscal year, when this country started its defense program, the national debt stood at $43,000,000,000.

"At his press conference here today, Secretary of the Treasury Morgenthau revealed that a provision in the bill calling for a debt limit of $300,000,000,000 would have the effect of permitting the Treasury to designate savings and loan associations and credit unions as paying agents of the Federal Government.

"Present law permits the designation of incorporated banks and trust companies. Mr. Morgenthau said the other groups had protested their exclusion. He added that the new group would not be designated "in mass" but the Treasury would proceed selectively in applying the provision if adopted.

"Mr. Morgenthau passed off a question about the possibility of placing Export-Import Bank authority under the Treasury. He said, 'Let's win the war first.' He disclosed that plans for enlarging the scope of the Export-Import Bank have been substantially completed in discussions with Foreign Economic Administrator Crowley."

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# U. S. Accepts Finland War Debt Payment

Announcement that the United States had finally permitted Finland to pay the Dec. 15 installment, $235,445, on its World War I debt, was made known on Feb. 1, at which time Associated Press advices from Washington stated:

"In addition, the Treasury Department issued licenses for resumption of interest payments to American holders of Finnish Government bonds.

"The payments, both to the United States Government and to the bondholders, will come out of Finland's frozen funds in this country.

"Heretofore, the Treasury has refused to accept payment on the Government debt because it would have been unfair to the American bondholders, whose interest payments were frozen.

"The Finnish Government bond issues on which interest payments now are resumed are City of Helsingfors, 6½% bonds of 1960; Finland's Residential Mortgage Bank, 6% bonds of 1961; Republic of Finland, 6% external loan sinking fund bonds of 1945.

Henry Morgenthau, Jr., Secretary of the Treasury, said the action will bring interest payments on those bonds up to date. That is, payments due in the past now will be made.

The restoration of trading in the Republic of Finland 6% and City of Helsingfors 6½% dollar bonds on the New York Stock Exchange was resumed on Feb. 5, while the Curb Exchange at the same time resumed dealings in Finland Residential Mortgage Bank 5% bonds.

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# The International Bank— An Appraisal For Investors

By CLARENCE E. HUNTER*

Vice-President, The New York Trust Company

**After Outlining the Organization and Functions of the Proposed International Bank for Reconstruction and Development, Mr. Hunter Points Out the Matters of Chief Concern to Investors. States That the Bank Will Be Confronted With the Problem of What Legal Action Can Be Taken Against Sovereign Governments in Case of Default, and Advocates That the Bank Confine Its Own Financing to the Sale of Debentures Rather Than to the Guaranty of Loans. Sees Need of Legislation to Make the Bank's Debentures and Other Obligations Legal for Savings, Trust Funds and Insurance Portfolios.**

To investors and students of developments in the capital markets the International Bank proposed in Bretton Woods Final Act is a subject of immediate and vital interest. Congress will soon be asked to consider ratification of our participation in the Bank and in the Monetary Fund which is allied with it. Your interest is chiefly in the Bank; and the Fund, except as its proposed powers and functions bear on the Bank, will not be discussed.

The **Sponsorship** of the Bank will include the United States, United Kingdom and members of the Empire, Russia, China, France, Netherlands, Belgium, Czechoslovakia, Norway, Brazil, and the allied South American and other nations. Neutral nations, such as Sweden and Switzerland, may become members later on. In general the proposal has been well received by the experts and publics of all interested nations and its seems to be accepted that the Bank can play a useful role in post-war reconstruction and development of projects which will contribute to employment and world trade.

The **Management** and board of governors, will undoubtedly be predominantly composed of persons satisfactory to the five largest stockholders.

**Capital** shall be $10,000,000,000 authorized, of which 2%, payable in gold or U. S. Dollars, and 8%, payable in subscribers' currencies, shall be paid in promptly. A further 10%, payable in subscribers' currencies, may be called by the management. The remaining 80% is subject to call only when required to meet guarantees or obligations of the Bank.

The **Balance Sheet** of the Bank, theoretically, after payment of the first 10% of subscribed capital, will disclose assets—

| | | |
|---|---|---|
| Gold | | $182,000,000 |
| Dollar balances | | 254,000,000 |
| Sterling balances (£) | 26,000,000 | 104,000,000 |
| Russian balances (Chervonetz) | 51,000,000 | 96,000,000 |
| China balances (Yuan $) | 960,000,000 | 48,000,000 |
| French balances (FF) | 1,800,000,000 | 36,000,000 |
| India balances (Rupees) | 105,000,000 | 32,000,000 |
| Canadian balances ($) | 29,000,000 | 26,000,000 |
| Netherlands balances (Fl) | 58,000,000 | 22,000,000 |
| Belgion balances (BF) | 788,000,000 | 18,000,000 |
| | | $818,000,000 |
| Australia, South Africa, Czechoslovakia, Poland, Mexico and other currencies | | 92,000,000 |
| | | $910,000,000 |
| Subscriptions subject to call | | 8,190,000,000 |
| Total | | $9,100,000,000 |

Liabilities will be to stockholders only.

The gold value of the assets will be protected by the covenant of all stockholders to add adequate sums to preserve the gold value of their contributions if their exchange declines from the rates fixed in agreement with the Fund, the operations of which are intended to determine and stabilize exchange rates.

### Loans

While the fundamental purpose of the Bank is to make loans, presumably it may make interim investments in short term securities of the governments whose currencies it holds. Accounts may be maintained with central banks, or designated fiscal agencies of subscribing governments.

The Bank may make, guarantee, or participate in loans to any business, industrial and agricultural enterprise, political subdivision of or a member itself. In addition to the obligation and security furnished by a non-member borrower, the loans must be guaranteed by the member, or its central bank; hence an investor in such securities will be protected by three or more obligations. The projects must be approved by a competent committee. the rate of interest must be reasonable, the Bank must receive 1% or 1½% as compensation and be permitted to supervise the use of loan proceeds. The country in whose market and in whose currency a loan is floated shall approve or disapprove it. Generally the amount of a loan in a currency foreign to a given country shall not exceed the sum needed to pay for materials and services to be imported.

Three facilities for making loans will be at the Bank's disposal:—the funds paid in, funds borrowed by sale of its own debentures, and guarantees. Loans made in any one currency must not exceed the Bank's borrowings and the portion of its capital funds in the same currency. Special action by members is required to deviate from this sound rule. Total loans, participations and guarantees shall not be increased to exceed 100% of unimpaired capital, surplus and reserves of the Bank. Competent opinion exists that use of debentures rather than guarantees may be found wiser in practice and tend to maintain the Bank's credit and uniformity in the prices and yields upon its obligations. Another sound feature is that the Bank shall have the right to take up immediately in full any obligation it has guaranteed on which default has occurred.

### Loan Illustration

As an illustration of the procedure which would probably be followed in making loans, let us refer to the Tyrol Hydroelectric Power Company loan of 1925 which was offered in the United States in the amount of $3,000,000, maturity 1955, interest rate 7½%, offering price 96½ secured by a mortgage on all property, and guaranteed jointly and severally by State of Tyrol and City of Innsbruck. If a similar proposal should be made to the Bank after it is in operation, it would be studied by a competent committee which would also ascertain the amount of foreign exchange needed to buy copper wire, dynamos, other machinery and equipment not obtainable in Austria, and determine to its satisfaction that the project could not be financed on reasonable terms in the capital markets without the guaranty of the Bank, or by loans from the Bank. After approval by the committee and the Bank's management and determination of the security and guarantees, if any, to be supplied by the borrower, repayment provisions and all other usual arrangements, the guaranty of the Austrian federal government, or its national bank, would be required. The amount of the loan would be the sum needed to pay for imports as above mentioned and might consist only of dollars, or dollars, Swiss francs, pounds sterling, and the currency of any other country in which a tranche of the loan is to be offered. The coupon and offering price to the public, if the issue is to be sold with the guaranty of the International Bank, would be determined, all legal requirements in the markets where the issue is to be offered would be complied with, and the consent of the relative governments obtained. The saie of the bonds would be made through the facilities of the issuing house handling the transaction. For its guaranty the International Bank would receive annually 1% or 1½% of the principal sum outstanding.

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*A paper prepared by Mr. Hunter for the 26th Mid-Winter Trust Conference, Trust Division, American Bankers Association.

Should the International Bank decide to make the loan out of funds in hand, the same procedure would be followed except that there would be no public offering and no guaranty of the Bank would be involved. It is possible of course, that public announcement of the loan and its terms would be made by the borrower, or the International Bank with consent of all concerned, in pursuance of a sound policy as to keeping the public informed of the International Bank's activities. Loan transactions with industrial companies and agricultural enterprises would follow the same general pattern.

### No Stabilization Loans

Loans in the local currency of a borrower may be made by the International Bank but such loans would be exceptional and to meet unusual or emergency conditions. It is the generally accepted opinion, also, that loans to stabilize currencies, to furnish gold reserves to central banks, and to conduct stabilizing transactions in different currencies are not within the normal field of operations of the International Bank and that certain changes in the Bretton Woods Final Act proposals would have to be made to empower the bank to undertake such loans and operations. At Bretton Woods it was conceded that, in special cases, the powers of the Bank could be interpreted as not excluding stabilization loans. In general the loaning powers of the Bank are very broad. Presumably any huge undertaking, such as the development of the Amazon valley, international highway systems, reclamation and irrigation, or other projects, would have to be of genuine international interest, to merit approval by the loan committee of the Bank.

### Liability of Stockholders

Ultimate protection to the investor is given by the Bank's right to call upon all stockholders for funds required to meet its obligations. While calls will be made proportionately, one stockholder is not excused by the failure of the others to respond. Accordingly one could say that as to loans up to $3,175,000,000, the United States is fully obligated; as to a further $2,373,000,000 the British Empire; as to $450,000,000 France; as to $275,000,000 the Netherlands; $225,000,000 Belgium; $125,000,000 Czechoslovakia; $50,000,000 Norway, etc. These alone total $6,675,000,000. Russia will add a further $1,300,000,000.

Any currencies held or acquired by call may be used freely by the Bank to satisfy obligations in other currencies.

### Earnings and Reserves

Income from interest and commissions will be used to pay expenses and establish reserves to which defaulted obligations may be charged. These reserve funds, in the interim, are to be conservatively invested.

### Credit Risk

The factors discussed to this point may be said to represent the credit risk to be judged by an investor.

### Sovereignty and Legal Resources

While the Bank will be confronted with the problem of what legal action can be taken against sovereign governments in the cases of defaults under loan contracts and calls for payments under subscriptions to stock, it will have as strong a position in these matters as can be obtained under the circumstances. This is a risk to be appraised by an investor.

### Market Position

Guaranteed obligations generally are less acceptable to investors than direct ones but in many cases the difference in price is very small and in notable cases, as for instance the Austrian League of Nations loan of 1923, the guarantees have substantially raised the market valuation of such obligations. Presumably the Bank's debentures will enjoy high credit but whether all guaranteed obligations will rank equally is most unlikely.

As stated above it would seem to be a wise policy for the Bank's management to confine its own financing to the sale of debentures and use the proceeds to make loans, rather than to guaranty a great variety of loans of political bodies, industrial, and agricultural organizations of different credit standing. Through this practice the debentures would all be of one character as far as credit standing is concerned and would vary only as to coupon rate and maturity. Generally speaking, all tranches of debentures issued in different markets and currencies, should follow the same practice and contain the same general features. The debenture method of financing would demonstrate its superiority to the guaranty method when defaults of underlying debtors occur. Small or no variations in price of all outstanding debentures might happen should a default under one of the Bank's loans be announced. The situation might be different if a wide variety of guaranteed loans were outstanding, in addition to the debentures, and a default arise in connection with a guaranteed issue outstanding in important centers. The debenture method would have the further advantage of flexibility to the Bank's management in the handling of the Bank's debt. Provisions as to call privileges, with appropriate prices, could be included in the debentures which would enable the Bank's management to reduce the cost of financing if the opportunity to refund debentures arose. The Bank can, of course, make capital calls to repay debentures in the case of default of underlying obligations.

### Debentures as Trust Investments

Undoubtedly in most states supplementary legislation will be required to constitute the debentures and guaranteed obligations legal investments for savings, trust funds and insurance portfolios. Congress may attempt to establish the investment position of the Bank's obligations on a par with those of instrumentalities of the United States Government and exempt them from Securities and Exchange Commission registration and the preparation of prospectuses. We shall have to await developments in these regards. Obviously to establish the acceptability of the Bank's obligations, debentures and guarantees, in the American markets steps should be taken to qualify such obligations as legal investments for insurance portfolios, savings banks and trust funds. Similar precautions may be advisable in other markets.

An important factor bearing on the market position of the debentures of the Bank and its guaranteed obligations will be the policy it pursues with regard to informing the public as to its activities, loans, defaults, knowledge of economic and financial conditions in various countries, and its own affairs in particular.

In conclusion, if our Congress, other parliaments, and governments approve the Bank, as proposed, it will be launched with fanfare and the endorsement of 44 United and Allied Nations equipped with substantial funds, prepared to make loans which the capital markets won't undertake on equal terms, with all available collateral and guarantees and the exposure of the debtor to world attention. The likelihood of the fulfillment by sovereign nations of their individual commitments to the Bank, irrespective of the defaults of debtors or any associated subscriber country, will not be overlooked in the financial markets' appraisal of the Bank's obligations.

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# The State of Trade

Industrial output moved ahead slightly the past week following recessions of previous weeks induced by stormy weather and difficulties encountered in transportation. Manpower shortages were reported in some sections of the country but improvement in some areas was also noted. According to Dun & Bradstreet, orders received by manufacturers were the highest in several weeks and were larger than shipments in some cases. Backlogs too, have mounted.

Progress in the steel industry showed some improvement in output with shipments higher. New order volume continued to pour in at a heavy rate from the various branches of the armed forces, pushing back deliveries from four to five months.

As for car-loadings of revenue freight, they increased in the week from 738,680 cars to 755,436 cars, while electric kilowatt production showed a slight tapering off in output of less than 1% over the week previous. Bank clearings in 23 cities outside of New York as reported by Dun & Bradstreet, dropped to $3,816,554,000 in the five-day week from $4,392,193,000 in the preceding week.

Lumber production in the week increased to the highest level since the week of Dec. 9, 1944, despite its continued shrinkage for civilian uses. Paper and paperboard operations rose, notwithstanding the fact that the nation's paper supply was described as the most stringent since the beginning of the war.

In the textile field output held firm and close to last year's level with production of men's and boys' clothing down slightly. A mild increase occurred in output of leather products over a year ago, but the industry is still confronted with the problem of maintaining an adequate supply of materials.

Miscellaneous industries reflected the increasing demands for war as aluminum sheet output sharply soared to 80,000,000 lbs. a month. In addition, a further tightening of supply, Dun & Bradstreet noted, took place in many of the commonly used chemicals. In contrast, stocks of copper in recent weeks have declined moderately with production of the refined metal down and deliveries off slightly. Meat production likewise showed a mild decline during the week, being about 30% below a year ago.

Reports currently coming to hand tell in glowing terms of the war's great progress on all fronts.

Encouraged by the news the security markets the past week displayed marked activity with industrials and rails in the vanguard of the advance. Reflecting the higher trend of values, the Dow-Jones industrial stock price average closed the week at 158.24 as against 155.54 a week ago.

**Steel Industry**—Pig iron producers the past week were finally permitted to raise the price of all grades, except charcoal, $1 a ton on the base price. The ruling by OPA which became effective Feb. 14 is expected to give some relief to pig iron producers, especially the smaller furnaces which found it difficult because of accumulated raw material costs. The increase is the first overall hike in pig iron ceiling prices since price control began and when the pig iron schedule was issued on June 24, 1941.

Reports tell of the OPA working on a revision of warehouse prices and increases in some categories are looked for soon. The interim steel price increases announced on Jan. 11 applied to mill quotations and left the warehouses to absorb these higher prices on most items.

Most steel districts which had been affected by weather conditions and freight embargoes have seen their steel ingot rate expanded somewhat this week, reports "The Iron Age," in its current summary of the steel trade, with the result that steel ingot operations for the country rose sharply last week. The greatest expansion in raw steel output occurred at Buffalo. Other increases were reflected in the Pittsburgh, Youngstown, Philadelphia, Cleveland, Wheeling, and Detroit areas and for the Eastern district, comprising Chicago, Birmingham, and Cincinnati. The Western district also showed some improvement, but in the case of St. Louis it continued unchanged.

Even though raw steel output has regained some lost ground, this week, Pittsburgh reports that a car shortage there will likely present a difficult problem in shipping finished steel out of the mills, reports "The Iron Age" this week.

The improved war situation in Europe has caused no dwindling in the flood of new orders. During the past two weeks orders have doubled that of shipments, according to one major steel producer. Current emphasis in order volume is on sheets, rails, semifinished steel and tin plate, and increased use of directives to obtain material promptly appears to be the outstanding pattern in the order situation.

Cleveland steel companies report the biggest backlog since the war began, opinion there holding the number of small orders is impressive because many consumers are hesitant about piling up too much inventory, states the trade magazine. This, it is pointed out, results in last minute hurry-up calls for material which can only be satisfied by more WPB directives.

Locomotive orders placed the past week comprised 500 for France and 690 for Russia. Reports are current that the French order has been increased by 200 more locomotives making a total of 700. The Army, it is said, will also purchase a substantial number of locomotives. These orders resulted in the boiled tube delivery situation becoming tighter than at any time since war began.

Authorized car construction by the WPB included 50, 50-ton flat cars for the Illinois Terminal Railroad. Two orders totaling 665, 40-ton tank cars for Russia were placed by the War Department in addition to orders for 500, 40-ton dump cars placed by the same department.

The American Iron and Steel Institute announced last Tuesday that the operating rate of steel companies (including 94% of the industry) will be 96.4% of capacity for the week beginning Feb. 19, compared with 91.4% one week ago. This week's operating rate is equivalent to 1,765,700 tons of steel ingots and castings, compared with 1,673,900 tons last week and 1,750,000 tons one year ago.

**Electric Production**—The Edison Electric Institute reports that the output of electricity decreased to approximately 4,505,269,000 kwh. in the week ended Feb. 10, 1945, from 4,538,552,000 kwh. in the preceding week. Output for the week ended Feb. 10, 1945, was 0.6% below that for the corresponding weekly period one year ago.

Consolidated Edison Co. of New York reports system output of 192,900,000 kwh. in the week ended Feb. 11, 1945, comparing with 219,000,000 kwh. for the corresponding week of 1944, or a decrease of 11.9%.

Local distribution of electricity amounted to 178,200,000 kwh. compared with 209,300,000 kwh. for the corresponding week of last year, a decrease of 14.9%.

**Railroad Freight Loading**—Carloadings of revenue freight for the week ended Feb. 10, 1945, totaled 755,436 cars, the Association of American Railroads announced. This was an increase of 16,756 cars, or 2.3% above the preceding week this year and a decrease of 37,745 cars, or 4.8% below the corresponding week of 1944. Compared with a similar period of 1943, a decrease of 9,835 cars, or 1.3% is shown.

**Interesting Railroad Facts**—The railroads of the U. S. handled the greatest volume of freight traffic on record in 1944, in the amount of 738 billion ton miles, or an increase of 1.5% above 1943, the Association of American Railroads reports. Passenger traffic in 1944 was the greatest ever handled by the roads in any one year and totaled 95½ billion passenger miles, or an increase of nearly 9% above the preceding year. In 1944 the carriers moved an average of 1,142 tons of freight per train, the highest on record. Revenue received averaged 0.945 cents for hailing a ton of freight one mile in 1944, compared with 1.116 cents 20 years ago. The average revenue for hailing a ton of freight one mile has been less than 1 cent in each of the past 12 years, and the average haul of freight in 1944 was about 478 miles compared with 469 miles in 1943.

**Coal Industry**—The Solid Fuels Administration, U. S. Department of the Interior, in its latest report, places total production of soft coal in the week ended Feb. 10, 1945, at 12,185,000 net tons, an increase of 895,000 tons, or 7.9% above the week previous. Production in the corresponding week of 1944 amounted to 12,950,000 net tons.

According to the U. S. Bureau of Mines, output of Pennsylvania anthracite for the week ended Feb. 10, 1945, was estimated at 1,117,000 tons, an increase of 275,000 tons, or 32.7% over the preceding week. When compared with the corresponding week in 1944 a decrease of 307,000 tons, or 21.6% is reflected.

Beehive coke for the week ended Feb. 10, 1945, showed an increase of 20,600 tons above the previous week, but was 37,200 tons less than for the similar week of 1944.

**Crude Oil Production** — Daily average gross crude oil production for the week ended Feb. 10, as estimated by the American Petroleum Institute, was 4,728,800

(Continued on page 864)

# The Financial Situation

(Continued from first page)

assurance in these matters—and that without doubt has been welcome in many quarters.

Some of the enthusiasm concerning gains in the military situation appear for a moment at least to have been carried over to the other parts of the Yalta pronouncement. It was not long, however, before thoughtful observers began to analyze, to compare and to ask questions. They are still doing so—and it may be that a number of influential figures, as for example ex-President Hoover, rather wish they had taken more time for consideration before giving full endorsement on strength of official pronouncements which obviously do not tell all, which bristle with innate inconsistencies, which certainly do not remove the causes of earlier disquiet and disappointment among the rank and file of the American people about post-war settlements and policies, and which are open at so many points to the most serious objection.

### Atlantic Charter Twaddle

We hope it is no longer necessary to call attention to the fact that assurances about "full agreement" among the conferees, references to the "principles of the Atlantic Charter," expressions of determination of all to prevent wars in the future, and all the rest of the same sort, do exactly nothing to alter the plight of the Baltic countries, or of Poland, or to bring other policies apparently agreed upon into any reasonable line with the so-called Atlantic Charter which undertook to guarantee to other peoples much that this very conference agrees to take from them. It is now clear that the American people, or many of them, are awakening to these facts without assistance from us.

It may or not be necessary to remind the American people that they would be quite unwise, and the leaders of the United Nations would be quite unwise, to permit natural and often doubtless quite well-warranted anger to blind them to the fact that treatment of the German nation and the German people after the war in the way described in the Yalta pronouncement would, if followed literally, create many more problems than it would solve. Such courses of action would either make slaves of the German millions or leave them to starve or be fed by the people of the United States. It is difficult indeed to believe that this is the road to lasting peace—or that any of the countries concerned, certainly not the United States, would very long adhere to any such line of action. It is, moreover, difficult to avoid the suspicion that greedy eyes are being fastened upon some of the great German industries.

### What Indirect Effects?

But deep uneasiness, for which there appeared to us to be real ground a week or more ago, seems less warranted now as second thoughts are opening the eyes of the public. What is not altogether certain is what the outcome of all this is to be in terms of attitudes toward the various post-war international entanglements which the President—and a good many others, for that matter—would have the people of this country enter. It has been clear enough, of course, that the President, shrewd in such matters, as he certainly is, has been trying to make full use of the "favorable" reception of the Yalta activities for the purpose of pressing Congress for action on the International Fund and Bank proposals. It would not be surprising—unless there is a further and quite evident cooling off of the public toward Yalta—to find him presently tying in some of the other programs he wants with respect to post-war international relations.

If the President is trying to give the impression somehow that our agreement at this time to enter into these queer financial schemes of his are necessary for, or would be helpful in assuring the cooperation of Russia and the other countries in his international plans, the obvious and ready answer is that he is getting no such cooperation and can show no indication that he is likely to obtain it in the future. It may be wormwood and gall to hear Hitler's agents say that Stalin was the real victor at Yalta, but there is a very large element of truth in the charge. We do not mean to say that Mr. Stalin is particularly blameworthy in the matter. He is "playing the game" as he and those who have gone before him have always played it, and as we have always had every reason to expect him to play it. We should have been foolish to hope for any other course of action from him. The point is merely that we have given of our treasure and are giving of our blood more than generously in this conflict and have not as yet the assurance of any concessions to our strange and new doctrines worth mentioning—and can point to no particular evidence that we should get more should we go into these post-war schemes of banking and lending which would demand further extensive contributions from us.

No matter when the President chooses to press these international financial measures, or other programs close to his heart in the international field, they should be considered and appraised strictly upon their own merits. We should not for a moment permit ourselves even half consciously to think of trying to buy the friendship or support of any country or group of countries by the adoption of programs of this sort which are inherently unsound and not helpful.

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# N. Y. Chamber Opposed Anti-Discrimination Bill

Opposing the enactment of the Ives Commission anti-discrimination bills as fomenting "the possibility of race riot," Julian S. Myrick, Chairman of the Public Health and Welfare Committee of the New York State Chamber of Commerce, on Feb. 11 sent a letter to members of the New York Legislature and Governor Dewey urging the defeat of the measures. The letter cited eleven reasons why the Chamber, which went on record in opposition to the proposed bills at its monthly meeting on Feb. 1, believes such legislation would be injurious to the best interests of New York State and the welfare of its citizens. Prominent among these reasons were the following:

"That such a law would encourage an undesirable element from without the state, who could not get jobs elsewhere, to flock to New York to get employment.

"That it would tend to drive existing business from New York State and deter outside industries from locating in the state.

"That it would open up an approach for blackmail by agitators, applicants for jobs, and disgruntled employees.

"That the employment of undesirable persons would 'furnish fuel for intolerance and tend to foment, rather than eliminate the evils associated with the Ku Klux Klan and the Silver Shirt organizations.'"

Mr. Myrick said that the "constitutionality of the proposed legislation was open to serious question" because it would take from the employer the civil right and liberty of choice to enter into proper contracts for the conduct of his business, which has been protected by the fourteenth amendment to the Federal Constitution.

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# Lift Restrictions on Communications to Baltic

The ban on commercial and business communications with Finland, Poland and other Baltic areas which are no longer under German domination, was lifted on Feb. 15 by the Treasury Department, which stated that "this action coincided with the restoration of postal service with these areas. However, tele-communications with these areas are not permitted at this time. Treasury licenses will still be required to send to these areas communications constituting or containing instructions or authorizations to effect financial or property transactions." The Treasury Department on Feb. 16 further said:

"Today's action took the form of an amendment to General Ruling No. 11, removing the liberated areas concerned from the category of 'enemy territory.' German territories and other areas still under the control of the enemy will continue to be 'enemy territory' and will remain subject to the restrictions contained in the General Ruling. Treasury officials stated that the resumption of communications with other recently liberated areas is now under consideration and that further announcements will be made later."

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# Wagner Introduces Bill to Reduce Reserve Requirements From 40 to 25%

Legislation to reduce minimum required reserves of Federal Reserve Banks to 25% of combined note and deposit liabilities was introduced on Feb. 12 by Senator Robert F. Wagner (Democrat) of New York.

The present requirement is 40% in gold certificates against Federal Reserve notes in circulation and 35% in gold certificates or other lawful money against deposits.

Senator Wagner is Chairman of the Senate Banking Committee. His bill also would extend indefinitely the authority of the Federal Reserve banks to pledge U. S. Government securities against Federal Reserve notes issued by Federal Reserve agents. Existing authority expires June 30.

Noting that the Reserve Ratio has declined from 91% at the end of 1941 to 49% at the end of last year due to "conditions arising out of the war," Senator Wagner, according to Associated Press accounts from Washington on Feb. 12, added:

"Reduction of reserves has reflected the fact that most of this country's exports have been on Lend-Lease, while our imports have been on a cash basis. Countries that have sold commodities to the United States have not been able to buy goods here, on account of war restrictions, and have either withdrawn or earmarked gold against the time when goods will once more be available for sale."

Mr. Wagner said that "confidence in Federal Reserve notes is well established, and whether the amount of gold back of the notes is 40% or 25% makes no practical difference."

The statement of Senator Wagner, which has just come to us, follows in full:

### Reduction in Reserve Ratio and Renewal of Authority to Pledge U. S Government Obligations as Collateral for Federal Reserve Notes

The bill introduced herewith would accomplish the following purposes: (1) Extend indefinitely the authority of the Federal Reserve Banks to pledge U. S. Government securities against Federal Reserve notes issued by the Federal Reserve Agents. Existing authority expires June 30, 1945; and (2) Reduce the requirements of reserves to be held by Federal Reserve Banks from their present level of 40% in gold certificates against Federal Reserve notes in circulation and 35% in gold certificates or lawful money against deposits, to a uniform minimum of 25% in gold certificates against combined note and deposit liabilities.

The need for reducing the high reserve requirements of the Federal Reserve Banks was mentioned by the President in his Budget Message transmitted to the Congress on January 3, 1945.

**Pledging of U. S. Government Securities against Federal Reserve Notes.** This power was first granted to the Federal Reserve Board in February, 1932, at a time when our gold stock was low and the supply of paper eligible as collateral small. The power was granted for the purpose of enabling the Federal Reserve Banks to engage in open market operations which were necessary at that time in order to help banks get out of debt and to establish conditions in the money market favorable to the recovery of business which was at the depth of depression. The power was renewed from time to time; unless action is taken it will expire on June 30, 1945.

In conditions prevailing today, with Federal Reserve notes outstanding in an amount of 21.7 billion dollars and deposit liabilities of the Federal Reserve Banks in an amount of 16.4 billion, the extension of the power to pledge U. S. Governments is imperative. Without it, the Federal Reserve Banks would be obliged to sell a large enough volume of Government securities to make it necessary for banks to borrow as much as 10 billion dollars from the Federal Reserve Banks at this time and possibly as much as 15 billions by the end of the year. The manner in which this would work is that the banks would sell the securities in the open market; payment for them would take out an equivalent amount of funds from the market, and member banks would have to borrow this amount from the Federal Reserve Banks in order to replenish their reserves. The promissory notes of member banks at the Reserve Banks would be eligible under the law as collateral for Federal Reserve notes. By this process member bank promissory notes secured by United States Government obligations would be substituted for such obligations themselves as collateral held by the Federal Reserve Agents against outstanding Federal Reserve notes. No public interest would be served, but in the process the market for U. S. Government war obligations would be disrupted at a time when the Treasury must still raise vast sums to finance the war. It is clear that this must not occur and that, therefore, the power to pledge Government securities against Federal Reserve notes must be continued.

There is nothing to be gained in placing a time limit on the extension of this authority—since it is impossible to foresee at present when, if ever, conditions will be such as to make it consistent with the public interest to revert to the provision of law, enacted nearly 30 years ago, which limited collateral against Federal Reserve notes to gold certificates, commercial paper, and member bank collateral notes.

**Reduction of Reserve Ratio.** Conditions arising out of the war have caused the reserve ratio of Federal Reserve Banks to decline from 91% at the end of 1941, soon after our entry into the war, to 49% at the end of 1944. If developments continue at the rate of recent months the ratio will fall almost to the legal minimum by the end of the present calendar year. If gold export or currency withdrawals or both should be greater than in 1944, the legal minimum will be reached sooner. The following table shows the factors in the situation, together with hypothetical projections through 1945 based on probable trends of currency, deposit, and gold movements:

|  |  |  | Projections |  |
|---|---|---|---|---|
| Federal Reserve Bank— | Dec. 31, '41 | Dec. 31, '44<br>(000 omitted) | June 30, '45 | Dec. 31, '45 |
| Reserves | $20,800,000 | $18,700,000 | $18,200,000 | $17,700,000 |
| Deposits | 14,700,000 | 16,400,000 | 17,400,000 | 18,400,000 |
| F. R. notes outstanding | 8,200,000 | 21,700,000 | 23,700,000 | 26,700,000 |
| Liabilities requiring reserves | $22,900,000 | $38,100,000 | $41,100,000 | $45,100,000 |
| Reserve ratio | 90.8% | 49.0% | 44.3% | 39.2% |

It will be seen that the decline in the reserve ratio has been due to a reduction in Federal Reserve Bank reserves and to increases in Federal Reserve note and deposit liabilities. Reduction of reserves has reflected the fact that most of this country's exports have been on lend-lease, while our imports have been on a cash basis. Countries that have sold commodities to the United States have not been able to buy goods here, on account of war restrictions, and

# Non Sequitur!

"Ever since the beginning of this war, there has been in America a constant and alarming turnover of workers in industries which are essential to the conduct of the war. In some important industries this turnover has actually amounted to 90% per year. By every means of public exhortation the nation's leaders have stressed the importance of having the workers stay on essential jobs. They have only been partially successful.

* * *

"It has become clear that there is only one remedy to this situation—that of adopting national service legislation to keep men at their war tasks.

"The inevitable result of this failure of American democracy is now becoming apparent at this crisis of the war. Shortages, deadly shortages, are now looming up before us at a moment when every ounce of our power should be thrown into the combat. I mean both shortages of weapons and shortages of manpower caused by the misplacement of our men. Our infantry will run short of its necessary replacements if the places of young men of military age and fitness who are now working in essential war jobs cannot be promptly filled by available men who are older or not physically capable of the job, of the fighting. There is now no legal means of effecting this necessary transposition.

* * *

"I say to you, as the pledge of my official duty, that the passage of this measure by the Senate with its main principles unchanged is needed by the Army and the Navy to supply critical shortages in our essential industrial plants and to help fill the places of young, vigorous workers who may be then sent as replacements to battle-weary troops.—Henry L. Stimson, Secretary of War.

Few question Mr. Stimson's sincerity or, in general, his ability, but many doubt his judgment in this matter.

"Shortages," so far as they actually exist, are not the result of lack of authority on the part of government to order all citizens around. They spring from miscalculations and mismanagement—and an apparently inevitable disinclination to be wholly candid with the public. None of these infirmities would be cured by the legislation Mr. Stimson demands.

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have either withdrawn or earmarked gold against the time when goods will once more be available for sale.

Growth of Federal Reserve note circulation has been a part of the general expansion of currency which has accompanied war activity in every country in the world. Expansion of both notes and deposits has reflected growth of Government war expenditures, enlargement of national money income, and advancement of payrolls and trade at higher prices. So long as the Federal Reserve Banks continue to do their part, as they surely must, to assist the Treasury in Government financing and in maintaining stable conditions in the market for U. S. Government securities, these Banks must not be restricted by an arbitrary reserve ratio.

There are several ways to meet the situation, all of which have been carefully considered. One way would be to issue Federal Reserve Bank notes, which require no reserves, in place of Federal Reserve notes; another way would be suspension of reserve requirements by the Board of Governors of the Federal Reserve System, which is authorized by law, and a third way would be a reduction of reserve requirements by the Congress. Other devices, such as issuance of currency by the Treasury, or reduction of member bank reserve requirements, have been reviewed and found to be inadequate or inappropriate. Reduction of the ratio by law, which is proposed in the bill, is the most clear-cut method, as well as the most consistent with the responsibility of the Congress to regulate the country's monetary policy.

Issue of Federal Reserve Bank notes in their present form was authorized by the Emergency Banking Act of March 1933, and the authority will expire when the President declares that the emergency is over. The need for the lower ratio may continue beyond that date. Furthermore, the difference between Federal Reserve notes and Federal Reserve Bank notes gives rise to misunderstanding, and it would be simpler and less confusing to the public if Federal Reserve currency were all of one kind. It would be best at a time like this to have a Federal Reserve ratio that indicated to the Congress and to the people the amount of gold certificates held by the Reserve Banks against their total deposit and note liabilities of all kinds.

The authority in section 11(c) of the Federal Reserve Act to suspend reserve requirements does not appear to be the best method of meeting the situation, because the power was not designed for a situation like the present which is of indefinite duration. Suspension must be for a period not to exceed thirty days, renewable at intervals of fifteen days. It also requires a penalty in the form of a progressive interest rate, to be determined by the Board, and added to the discount rate of the Federal Reserve Banks. At a time like the present, when discount rate charges must fit into the general rate policy adopted for war financing, this would not be the best procedure.

Consequently the bill provides for a direct reduction of the minimum ratio. Such an action would be entirely consistent with the changes in conditions which have occurred since the ratio was first established by the Congress. The original purposes of the ratio were (1) to assure adequate resources for the Reserve Banks to meet demands for gold or lawful money by depositors and note holders, (2) to limit the expansion of Federal Reserve Bank credit, and (3) to assure the public that there was at least 40% in gold back of the Federal Reserve notes which were then being introduced for the first time.

The first purpose is no longer compelling since gold redemption is now not permitted for domestic use, and gold can be exported only under license. While the country's aggregate gold reserves are ample to meet any conceivable foreign demand, a reserve ratio high enough to meet possible demands for both domestic and foreign use is no longer appropriate under present conditions. The second purpose — limitation of Federal Reserve Bank expansion —is not relevant at a time when expansion by the Reserve Banks is essential to the needs of war finance. Thirdly, confidence in Federal Reserve notes is well established, and whether the amount of gold back of the notes is 40% or 25% makes no practical difference.

War conditions have caused all belligerents to reduce or abolish central bank reserve requirements.

A reduction to 25% is proposed because it would be sufficient for all foreseeable contingencies. It would enable the Reserve Banks to meet such additional demands for currency by the public and for reserve balances by member banks as are likely to occur. The currency supply and the bank deposit structure could nearly double before the legal minimum would be reached.

The bill provides for elimination of the distinction made in the present law between reserves required against notes and against deposits both as to percentage and as to composition of the reserves. Since the two liabilities are interconvertible at the option of the owners, the same requirements should apply to both. The provision in the bill that legal reserves should consist only of gold certificates would also eliminate controversy as to what constitutes lawful money, and whether the Federal Reserve Banks could, if so minded, use their own notes (Federal Reserve notes or Federal Reserve Bank notes) as reserves against their own deposits.

A clean-cut uniform requirement of gold certificate reserves of 25% against both notes and deposits appears to be the best solution of the problem.

In conformity with the proposed reduction of the ratio to 25% the bill decreases proportionately the levels of the ratio at which the imposition of the different penalty rates provided in the law when reserves are suspended would be prescribed.

## Williams, Chief Nat'l Bank Examiner for St. Louis

Comptroller of the Currency, Preston Delano, announced on Feb. 15 the appointment of Eugene S. Williams as District Chief National Bank Examiner for the Eighth Federal Reserve District. St. Louis, Mo., to succeed Robert Neill, retired. Mr. Williams is a native of Cape Girardeau, Mo. He became an Assistant National Bank Examiner in 1930 and was later promoted to National Bank Examiner. In March, 1941, he was named Assistant Chief National Bank Examiner in the Washington office, in which position he has been serving until the present time.

## Pass Bill to Exempt Insurance Business From Trust Acts Until January, 1948

The House, on Feb. 14, by a vote of 315 to 58, passed the bill providing for the exemption of insurance business from the Sherman and Clayton Anti-Trust Acts until Jan. 1, 1948. A similar bill was approved by the Senate on Jan. 25, that measure, however, making June 1, 1947, the effective date of exemption from the Sherman Act, and Jan. 1, 1948, the exemption date as to the Clayton Act. The Senate action was noted in our issue of Feb. 8, page 651.

Regarding the House action on the bill, advices to the New York "Journal of Commerce" from its Washington bureau Feb. 14 said in part:

Technically, the measure which passed was the McCarran-Ferguson bill (S. 340), which passed the Senate two weeks ago, with amendments recommended by the House Judiciary Committee. Actually, the bill contains only the enacting clause of (S. 340) and the body of the legislation is the most recent Walter bill (H. R. 1973).

The Senate and House versions will go to a conference committee of three members from each body which will seek to reconcile the differences.

Proponents of the bill urged immediate passage on the grounds that the Supreme Court decision of last June holding that insurance is in interstate commerce had resulted in "confusion and chaos" and because lack of legislative direction from Congress would prevent many States from collecting taxes from insurance companies doing business within their borders.

Congressman Francis E. Walter (Dem., Pa.), who steered the bill, admitted on the floor that the measure was a "compromise."

"The companies, however, are at a loss to know where they stand," Mr. Walter said. "Personally I would prefer the bill which passed the House last session, which affirmed that it was never the intent of Congress to have the Sherman and Clayton acts apply to the insurance business. Under this bill we are just asking a moratorium to permit the States to adjust their laws to conform to the Supreme Court decision."

Congressman Clarence E. Hancock (Rep., N. Y.) and John W. Gwynne (Rep., Iowa) added that Congress must pass legislation maintaining the right of States to tax insurance companies. Mr. Gwynne estimated such taxes produced $120,000,000 revenue for all the States annually.

Principal opposition came from Congressmen Clinton P. Anderson (Dem., N. M.) and Emmanuel Celler (Dem., N. Y.), who asserted that the bill was not acceptable to the Department of Justice and that the bill presented had not been indorsed by representatives of the insurance industry or the National Association of Insurance Commissioners.

A motion by Representative John J. Cochran (Dem., Mo.) to recommit the bill to the Judiciary Committee with instructions to delete the section exempting insurance from provisions of the Federal Trade Commission Act and the Robinson-Patman Act was defeated 171 to 62.

Pointing out that the exemption would not apply to cases involving boycott, coercion or intimidation, special advices to the New York "Times" from Washington Feb. 14 said in part:

The House measure made important revisions in the previously passed Senate version, striking out a Senate section which had implied, as its House critics read it, that the States could expect Congress to come forward with regulatory legislation.

The remaining important variation was that the House version would make the Sherman and Clayton Anti-Trust Acts inoperative over insurance companies until January, 1948, while, in the case of the Sherman Act, the Senate version proposed a moratorium only until June 1, 1947.

The report of the House committee that brought the measure to the floor today thus described its purposes:

"To declare that the continued regulation and taxation by the several States of the insurance business is in the public interest; and to assure a more adequate regulation of this business in the States by suspending the application of the Sherman and Clayton acts for approximately two sessions of the State Legislatures. . . ."

"It should be noted," the report added, "that this . . . does not repeal the Sherman and Clayton acts but opportunity will have been granted for the States to permit agreements and contracts by insurance companies which might otherwise be in violation of the Sherman and Clayton acts."

## Ill. Bankers Ass'n Cancels Convention

The 55th Annual Convention of the Illinois Bankers Association has been cancelled. Plans had been made to hold this meeting in St. Louis, Missouri, May 2, 3 and 4. In keeping with the pledge made by the bankers of Illinois on December 8, 1941, that they would cooperate wholeheartedly in every way possible to bring this war to a speedy and successful conclusion, four weeks ago, Floyd M. Condit, President of the Association and President of the First National Bank at Beardstown, Illinois, announced that the annual Mid-Winter Conference and Dinner which was to have been held at the Palmer House, Chicago, February 8, had been cancelled.

The association's advices of Feb. 13 further reported quoted Mr. Condit as saying: "Yesterday the Council of Administration at a special meeting decided that the plans for the annual Convention should be abandoned and that the officers of the Association, with the exception of the Treasurer, should continue in office until the Convention which will be held in May, 1946. The Treasurer's office expires by fiat on May 31 of this year and will be filled by an election to be held by the Council at that time.'"

The officers of the Association who will remain in their offices are: President Floyd M. Condit, First National Bank, Beardstown, Ill.; Vice-President Barney J. Ghiglieri, Citizens National Bank, Toluca, Ill., and Secretary Harry C. Hausman.

## N. Y. Savings Banks Gain in Deposits

January net gains of 37,976 in accounts and $87,920,548 in savings deposits of the 131 New York State savings banks were reported on Feb. 13 by the Savings Banks Association, which states:

"This brings the total number of accounts to 6,443,153 and total deposits to $7,204,128,939 as of the end of last month, exclusive of Christmas Clubs and other special-purpose accounts. In January a year ago, the number of accounts increased by 32,882. Growth in deposits in that month was $52,810,602. Deposits in New York State savings banks crossed the seven billion dollar mark last December, as the result of a 15.4% gain for the year."

# "Bretton Woods Agreements Act" Introduced In Congress

(Continued from page 858)

tor of the Bank, who shall also serve as provisional executive directors for the purposes of the respective Articles of Agreement. The term of office of each shall be two years, but they shall continue in office until their successors are appointed. Each executive director shall, with the approval of the President, appoint an alternate. Governors and their alternates shall be eligible to appointment either as executive directors or as their alternates. No person shall be entitled to receive any salary or other compensation from the United States for services as a governor, executive director, or alternate.

### Reports

Sec. 4. The President from time to time, but not less frequently than every six months, shall transmit to the Congress a report with respect to the participation of the United States in the Fund and the Bank.

### Certain Acts Not to Be Taken Without Authorization

Sec. 5. Unless Congress by law authorizes such action, neither the President nor any person or agency shall on behalf of the United States (a) request or consent to any change in the quota of the United States under article III, section 2, of the Articles of Agreement of the Fund; (b) propose or agree to any change in the par value of the United States dollar under article IV, section 5, or article XX, section 4, of the Articles of Agreement of the Fund, or approve any general change in par values under article IV, section 7; (c) subscribe to additional shares of stock under article II, section 3, of the Articles of Agreement of the Bank; (d) accept any amendment under article XVII of the Articles of Agreements of the Fund or article VIII of the Articles of Agreement of the Bank; (e) make any loan to the Fund or the Bank. Unless Congress by law authorizes such action, no governor or alternate appointed to represent the United States shall vote for an increase of capital stock of the Bank under article II, section 2, of the Articles of Agreement of the Bank.

### Par Value of United States Dollar

Sec. 6. When the United States is requested by the Fund to communicate the par value of the United States dollar, such par value shall not be communicated as other than 15 5/21 grains of gold nine-tenths fine.

### Depositories

Sec. 7. Any Federal Reserve bank which is requested to do so by the Fund or the Bank shall act as its depository or as its fiscal agent, and the Board of Governors of the Federal Reserve System shall supervise and direct the carrying out of these functions by the Federal Reserve banks.

### Payment of Subscriptions

Sec. 8. (a) Subsection (c) of section 10 of the Gold Reserve Act of 1934, as amended (U. S. C., title 31, sec. 822a), is amended to read as follows:

"(c) The Secretary of the Treasury is directed to use $1,800,000,000 of the fund established in this section to pay part of the subscription of the United States to the International Monetary Fund; and any repayment thereof shall be covered into the Treasury as a miscellaneous receipt."

(b) The Secretary of the Treasury is authorized to pay the balance of $950,000,000 of the subscription of the United States to the Fund not provided for in subsection (a) and to pay the subscription of the United States to the Bank from time to time when payments are required to be made to the Bank. For the purpose of making these payments, the Secretary of the Treasury is authorized to use as a public-debt transaction not to exceed $4,125,000,000 of the proceeds of any securities hereafter issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under that Act are extended to include such purpose. Payment under this subsection of the subscription of the United States to the Fund or the Bank and repayments thereof shall be treated as public-debt transactions of the United States.

(c) For the purpose of keeping to a minimum the cost to the United States of participation in the Fund and the Bank, the Secretary of the Treasury, after paying the subscription of the United States to the Fund, and any part of the subscription of the United States to the Bank required to be made under article II, section 7 (i), of the Articles of Agreements of the Bank, is authorized and directed to issue special notes of the United States from time to time as par and to deliver such notes to the Fund and the Bank in exchange for dollars to the extent permitted by the respective Articles of Agreement. The special notes provided for in this subsection shall be issued under the authority and subject to the provisions of the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under that Act are extended to include the purposes for which special notes are authorized and directed to be issued under this sub section, but such notes shall bear no interest, shall be non-negotiable, and shall be payable on demand of the Fund or the Bank, as the case may be. The face amount of special notes issued to the Fund under the authority of this subsection and outstanding at any one time shall not exceed in the aggregate the amount of the subscription of the United States actually paid to the Fund, and the face amount of such notes issued to the Bank and outstanding at any one time shall not exceed in the aggregate the amount of the subscription of the United States actually paid to the Bank under article II, section 7 (i), of the Articles of Agreement of the Bank.

(d) Any payment made to the United States by the Fund or the Bank as a distribution of net income shall be covered into the Treasury as a miscellaneous receipt.

### Obtaining and Furnishing Information

Sec. 9. So long as the United States is a member of the Fund or of the Bank, the President may require at any time, in the manner and under the penalties provided in section 5 (b) of the Trading With the Enemy Act, as amended (U. S. C., title 50 App., sec. 5), the furnishing of—

(a) any data that may be requested by the Fund under Article VIII, section 5, of the Articles of Agreement of the Fund; and

(b) any data of the type which may be required under section 5 (b) of the Trading With the Enemy Act, as amended, and which in his judgment is essential for the guidance of the United States in it sparticipation in the Fund or the Bank.

### Financial Transactions with Foreign Governments in Default

Sec. 10. The Act entitled "An Act to prohibit financial transactions with any foreign government in default on its obligations to the United States", approved April 13, 1934 (U. S. C., title 31, sec. 804a), is amended by adding at the end thereof a new section to read as follows:

"Sec. 3. While any foreign government is a member both of the International Monetary Fund and of the International Bank for Reconstruction and Development, this Act shall not apply to the sale or purchase of bonds, securities, or other obligations of such government or any political subdivision thereof or of any organization or association acting for or on behalf of such government or political subdivision, or to the making of any loan to such government, political subdivison, organization, or association."

### Jurisdiction and Venue of Actions

Sec. 11. For the purpose of any action which may be brought within the United States or its Territories or possessions by or against the Fund or the Bank in accordance with the Articles of Agreement of the Fund or the Articles of Agreement of the Bank, the Fund or the Bank, as the case may be, shall be deemed to be an inhabitant of the Federal judicial district in which its principal office in the United States is located, and any such action at law or in equity to which either the Fund or the Bank shall be a party shall be deemed to arise under the laws of the United States, and the district courts of the United States shall have original jurisdiction of any such action. When either the Fund or the Bank is a defendant in any such action, it may, at any time before the trial thereof, remove such action from a State court into the district court of the United States for the proper district by following the procedure for removal of causes otherwise provided by law.

### Status, Immunities and Privileges

Sec. 12. The provisions of article IX, sections 2 to 9, both inclusive, and the first sentence of article VIII, section 2 (b), of the Articles of Agreement of the Fund and the provisions of article VI, section 5 (i), and article VII, sections 2 to 9, both inclusive, of the Articles of Agreement of the Bank shall have full force and effect in the United States and its Territories and possessions upon acceptance of membership by the United States in, and the establishment of, the Fund and the Bank, respectively.

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# Asks Delay of International Fund

### New York State Bankers Find Same Faults With the Stabilization Set Up as Did ABA Group. Committee Maintains That Economic Stability Should Precede Currency Stabilization, and Points to Conflicting Views of British and American Delegates Regarding Purposes of Fund's Plan. Sees Exodus of American Dollars in the Practical Operation of the Fund.

In a 62-page report the Committee on International Monetary matters of the New York State Bankers Association made public on Feb. 15, its views on the Bretton Woods Proposals. Following much the same lines as a similar committee of the American Bankers Association, which published its findings on Feb. 5, (see the "Chronicle" of Feb. 8, page 650), the New York bankers' experts approve, in general terms, the creation of an International Bank, but recommend that the International Monetary Fund be not adopted, pending a full consideration of alterations in its set-up and its proposed operations. It proposes a postponement of any plan of multilateral exchange stabilization until economic stability and domestic currency stabilization throughout the world be firmly established. The Report analyses in considerable detail the specific provisions of the International Fund and points out defects and shortcomings. It stresses the divergent views of Lord Keynes, the British delegate, and those of the American representatives as portending difficulties to be encountered, and maintains that the plan of the Fund would lead to "a great exodus of dollars." The conclusion of the Report is that "the greatest single contribution that the United States can make to world stability is to maintain the integrity of the American dollar."

The New Yok State Bankers Association committee, which drew up the report, is headed by Percy H. Johnston, Chairman of Chemical Bank & Trust Co., and includes among others the association's president, C. George Niebank, president of Bank of Jamestown; George Whitney, president of J. P. Morgan & Co., Inc.; D. S. Iglehart, director of Grace National Bank; William C. Potter, chairman of the executive committee of Guaranty Trust Co.; H. Donald Campbell, president of Chase National Bank, and Gordon S. Rentschler, chairman of National City Bank.

Commenting on the defects of the International Fund the committee remarks that "the establishment of the Fund prior to the restoration of favorable underlying conditions would not result in the achievement of economic stability or the elimination of exchange controls. On the contrary, we believe the Fund would tend to perpetuate exchange controls and other restrictions on the free movement of trade. There are implications of permanent exchange controls running throughout the Fund in spite of the fact that one of its proclaimed purposes is to eliminate them.

"We doubt whether the safeguards are adequate to insure the sound use of the Fund's resources. The system of credits based upon quotas seems unrealistic and impractical. Neither will the Fund be able to concentrate its resources effectively in the places where the need is greatest.

"We believe that within a few years, as the result of financing the continuation of unstable conditions that it is intended to remedy, the Fund might become unable to function effectively if the trade balance were to run strongly in favor of the United States and the supply of dollars in the Fund were to become scarce.

"Another doubt as to the feasibility of the Fund arises from the lack of agreement on the interpretation of its provisions. Opinions are far apart as to the degree of elasticity of parity rates that ought to be allowed. The basic differences arise in part from the great uncertainties of the transition period, and reinforce our conclusion that the adoption of the Fund at this time would be unwise.

"We are convinced that the divergence of conditions in the various countries is so great that the stabilization of each currency must be treated as an individual problem. We do not think it is possible to develop a workable formula that can be applied to all cases. Too much depends upon the will and the efforts of the individual country for the overall approach to achieve the success anticipated by the authors of the Monetary Plan."

Regarding the divergence of views between British and Americans regarding the restrictions imposed by the Fund, the report states that "while the general objective of the Plan is the gradual elimination of exchange controls over trade and service transactions, the powers of the Fund are in the nature of the case limited and not very specific. The possibilities of the disagreements are great. In a letter to "The Times" (London) of Aug. 24, 1944, Lord Keynes said there was nothing in the Bretton Woods Plan to prevent 'our requiring a country from which we import to take in return a stipulated quantity of our exports. . . . Equally there is nothing to prevent other countries from requiring us to take their imports as a condition of receiving our exports.' To us, however, such an arrangement would seem to be not only contrary to the spirit of the Monetary Plan but also in direct violation of the provision which states that 'no member shall, without approval of the Fund, impose restrictions on the making of payments and transfers for current international transactions.' It is apparent that there has been no meeting of minds on this issue."

And the report adds: "The Plan is presented in the United States as a measure for stabilizing exchange rates, but in Britain it is presented as a device that contemplates flexibility of rates. In America it is looked upon as consistent with the gold standard, but in British official circles it is considered the opposite of the gold standard. The British Chancellor of the Exchequer has emphasized repeatedly that the Plan would not mean the restoration of the gold standard. Lord Keynes goes further and calls it the precise opposite of the gold standard:

"For instead of maintaining the principle that the internal value of a national currency should conform to a prescribed de jure external value, it provides that its external value should be altered if necessary so as to conform to whatever de facto internal value results from domestic policies, which themselves shall be immune from criticism by the Fund. Indeed, it is made the duty of the Fund to approve changes which will have this effect. That is why I say that these proposals are the exact opposite of the gold standard."

Finally, in considering the general principle of the International Fund, the Report refutes the contention that it would remedy unsound domestic and monetary conditions in a member country or permanently stimulate international trade.

"One of the major purposes of the Plan," the Committee states, "is to stimulate international trade and general prosperity. The stimulation of trade and investment, it is contended, will work toward the balancing of international payments at a level of activity which increases employment and living standards in all countries. In the early part of this report we quoted from the official Plan the six purposes of the Monetary Fund. The second of those purposes reads as follows:

"To facilitate the expansion and balanced growth of international trade, and to contribute thereby to the promotion and maintenance of high levels of employment and real income and to development of the productive resources of all members as primarly objectives of economic policy."

"Apparently the experts feel," remarks the Committee, "that stabilization can be accomplished through impersonal credits which would stimulate trade expansion and create prosperity and full employment in the member countries. Instead of allowing trade to determine the amount of credit required they would stimulate trade by a credit policy. Stability through expansion is the term sometimes used to express this viewpoint. Instead of restricting their purchases and living within

# Purchasing Cooperatives Study Issued by National Tax Equality Association

A study of purchasing cooperatives just published by the Research Department of the National Tax Equality Association, Chicago, reveals that regional cooperative wholesales did an estimated business of $457,000,000 in 1943, and it is stated that legal tax avoidance on this business cost the Federal Treasury approximately $14,300,000. The Association further says:

"Financing of these great super-cooperative corporations is accomplished largely by adding untaxed profits to capital, instead of returning the money to members as cash patronage dividends. Of $22,000,000 profits in 1943, $15,000,000 was used in this way.

"Biggest gross among the regional co-ops was done by Cooperative Grange League Federation, Ithaca, New York, totaling $138,472,000. Seventeen of the large co-op corporations alone account for about 80% of the total volume of business transacted by all purchasing wholesales. Net worth of the associations amounted to $49,309,000 at the close of 1943, $35,631,000 of which represented tax-free accumulations retained out of prior earnings."

Incidentally the Association observes that:

"Cooperation, for the most part a farm-marketing movement in the United States, is now turning to the consumer philosophy, which has been its stronghold in European countries. Recently, many labor unions have organized consumer cooperatives, primarily in the fields of retail groceries, service stations and credit unions.

"BOTH CIO and AFL have established departments to study cooperation with the possibility of setting up chains of city stores to furnish food and other supplies to members at low costs that are made possible by avoidance of the Federal income taxes that independent stores must pay."

As to its study of the 17 co-operatives referred to above, the Association has the following to say:

"Data for the same 17 associations for 1942 and 1941 indicate that they are doubling in size every three years by retaining tax-free profits in their capital structure. Taxpaying business, under similar circumstances, would pay these profits in Federal income tax.

"In addition to super wholesales, over 6.000 local co-ops sold to members and customers commodities valued at $1,023,000,000 in 1943. Total purchasing volume thus was $1,480,000,000 for that year.

"At the end of 1943, an estimated 2,700 co-op stores were in operation, selling groceries, meats, clothing, shoes, dry goods, furniture, bakery goods, coal and wood, dairy products, hardware, electric appliances, books, drugs, cosmetics and household items. Petroleum service stores numbered 1,475 and there were 1,283 farm supply purchasing cooperatives. Commodities handled by the latter included most items sold by co-op stores plus paint, lumber, building materials, feed, seeds, fertilizer and other farm supplies. Similar activities were carried on by about 600 purchasing departments of farmers' marketing cooperatives.

"The development of large cooperative wholesaling corporations completed the cooperative invasion of commodity distribution channels and prepared the way for the cooperatives' entry into manufacturing.

"The co-op wholesale movement has developed chiefly since 1930. Beginning in that year, three major trends have characterized the American cooperative movement. Some observers believe that these trends are leading to the formation of a cooperative commonwealth in the United States in the comparatively near future.

"Many farmers' cooperative associations have returned to the consumer philosophy. Successful in marketing agricultural produce, the farmer co-ops have made enormous strides in purchasing farm supplies and other consumer goods. Increasing purchasing activities of marketing associations indicates, however, that development of the movement will find continued growth of consumer functions and lessening of emphasis on marketing.

"Another major trend is a fundamental change in the cooperative field. It is a trend toward vertical integration. By pyramiding profits, cooperatives have formed super distributing and manufacturing organizations. At an increasingly rapid rate, they are buying petroleum refineries, oil wells, saw mills, timber tracts, canneries, fertilizer plants, feed mills and many other kinds of productive facilities. They have entered the field of banking through the establishment of a financial credit association.

"The last-named trend has characterized cooperative operations in the past five years and has gained significance during the war.

"Through the development of these major trends, cooperatives have entered successfully three of the four fields which, doctrinally, they deem necessary for the establishment of a Cooperative Commonwealth — distribution, manufacturing, banking and agriculture itself."

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their means, the debtor countries would be provided with more buying power, and the balance would be created by expansion in the creditor countries."

As to the position of the United States in using the Fund as a means for expanding foreign trade, the Committee points out that "ultimately United States loans abroad can be paid back only in goods and services. This country must recognize the fact that in the long run it must buy from foreign countries as much as it sells to them. The more it sells to them on credit today, the more they must repay it later in goods and services. The United States can accept gold for some of its exports, but the amount of gold other nations are willing to part with, as well as the amount that the United States can advantageously receive, is limted. Loans and credits are essential at times, but this country cannot finance a large export balance indefinitely and expect to be repaid."

And it adds: "The great exodus of dollars now contemplated through existing and proposed agencies, when considered in connection with the $20,000 million of gold and dollar balances held abroad, might impose a severe strain on the economy of this country and add substantially to inflationary influences. There is also the danger that the United States may overstimulate trade for a few years, as it did in the 1920's, and then experience a collapse of the boom. A great expansion would doubtless be followed by a severe decline, regardless of any plans or intentions to the contrary. There is little in past experience with artificial stimulation through credit expansion that justifies high hopes for permanent benefits from such a policy. A sound and orderly growth of trade, without excessive stimulation, would be more lasting."

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# New Bedford Residents Oppose Labor Draft

The War Manpower Commission's order transferring 500 textile workers to work in the Fisk and Firestone tire factories was declared "contrary to law and contrary to the Constitution" by labor, management and civic leaders of New Bedford, Mass., said an Associated Press dispatch from that city on Feb. 18, which went on to say:

At a meeting of the New Bedford Citizen's Committee, the action, termed by Mayor Arthur M. Harriman as New England's first "forced labor draft," was branded as "unfair, unnecessary and un-American."

The Citizen's Committee, composed of businessmen, industrialists and labor officials, was organized when a previous attempt was instituted by the WMC to handle New Bedford's critical manpower shortage in war plants.

New Bedford, a city with a population of 110,341, is principally a textile mill center.

Protests against the transfer have been sent to President Roosevelt, Undersecretary of War Patterson, War Manpower Commission Chairman Paul V. McNutt, and Massachusetts Senators Walsh and Saltonstall and Congressman Gifford, of New England.

Antonia England, local director of the Textile Workers Union of America, CIO, said he would seek an injunction in Federal Court on Feb. 19 to restrain the textile mills from discharging workers in compliance with WMC order.

The WMC order, effective Wednesday, Feb. 21, would cause a loss of pay for many workers, force night work upon them and destroy seniority rights, Mr. England said.

The CIO and AFL said in joint statement at the meeting that they "regard the action as an attempt to use New Bedford as a guinea pig to work out a system of labor draft without any further authorization by Congress."

A manpower survey in the New Bedford mills was made several weeks ago and an attempt to recruit workers voluntarily failed two weeks ago.

# S. F. Clearing House Elects New Officers

The San Francisco Clearing House Association elected the following officers at it annual meeting on Feb. 13:

President, James K. Lochead, President, American Trust Company; Vice-President, George J. Kern, Vice-President, Crocker First National Bank of San Francisco; Secretary, Earle H. LeMasters, Vice-President, Pacific National Bank of San Francisco.

The following were elected as members of the Clearing House Committee: James K. Lochead (Ex-officio); George J. Kern (Ex-officio); L. M. Giannini, President, Bank of America N. T. & S. A.; I. W. Hellman, President, Wells Fargo Bank & Union Trust Co.; J. J. Hunter, President, The Bank of California, N. A.; W. H. Thomson, President, The Anglo California National Bank of San Francisco.

C. K. McIntosh, who has completed 38 years of service with the Association, the past sixteen of which were as President, asked to be relieved of further duties. Mr. Lochead, the newly elected President, moves up from the Vice-Presidency of the Association. Mr. Kern is the newly elected Vice-President of the Association and has been serving as a member of the Clearing House Committee. The Manager of the San Francisco Clearing House is Russell W. Schumacher; Assistant Manager is Howard H. Huxtable.

# Hitler Should Be Exiled and Germany Given Hard Peace, Says Dean Gildersleeve

Dean Virginia C. Gildersleeve of Barnard College, only woman delegate to the United Nations conference to be held at San Francisco on April 25, said on Feb. 15 that Adolf Hitler should spend the rest of his days on a "remote island and all Germany should suffer a hard peace," according to the New York "Herald Tribune" of Feb. 16, which indicated as follows other remarks of Dean Gildersleeve:

The world peace structure which will be built at San Francisco, in Miss Gildersleeve's judgment, may not be perfect, but it will be "a thousand times better than nothing," and so must command the support of the American people. The Dumbarton Oaks plan, she believes, will provide a better basis for permanent peace than anything the world knew 25 years ago, when she first began to be interested in international peace organization.

In an interview at her Barnard office, Broadway and 119th Street, Miss Gildersleeve discussed the prospects of a better world after the war, with Germany somehow shorn of its militaristic tendencies and the solid new "G. I. O."—General International Organization—to make doubly certain that no future Hitler shall threaten world peace. Asked what fate she thought the Nazi leader should suffer, she said:

"I should like to see Hitler taken to a remote island and kept there while he lives — quite quietly. I should prefer that to having him executed, for I consider him a madman, and I do not like the idea of executing a madman. However, I should not feel too dreadfully if some other procedure should be adopted.

"This is the third time within the memory of persons now living that Germany has brought war to the civilized world, and now I am all for demilitarizing Germany. If that is a hard peace, I'm for it.

"I have no wish to destroy the German people—that is, I think they should have a reasonable chance to eat and to work. I assume that the armies of occupation will eliminate the most poisonous Nazi—somehow. Then, I suppose, the armies will control the schools, for a while at least. Democratic ideas cannot be imposed by force, of course, nor will alien teachers be successful in destroying Nazi ideas, but the armies can control what is taught.

"You and I know there used to be Germans of virtue and merit. But even these good Germans have got to learn to take responsibility for their government and to choose the right kind of people to rule over them. Yes, I knew such people. I had friends in Germany before the war. They may be dead now."

Miss Gildersleeve said further that she had been thankful that what she called the "Anglo-Saxon type agreement" had prevailed at the recent Crimea conference at Yalta, when President Roosevelt, Prime Minister Churchill and Premier Stalin arrived at many "great decisions."

"We Anglo-Saxons," she said, "are used to that kind of give and take. I was glad to see compromises arrived at. We got something out of that conference. It was wonderful to see so many running sores healed."

Asked about the Russian proposal for unanimity among the great powers on world peace enforcement, Miss Gildersleeve declined to comment, saying she understood a "formula had been worked out." She added that she felt it not quite proper to comment on details of the agenda which might come before the San Francisco conference.

She had prefaced her remarks with the admission that she had not yet received any formal notification or invitation from the State Department and that all she knew about her appointment was what she read in the papers.

"However, I gather I am going to be appointed. and if invited I shall accept," she smiled. "I am a little staggered, but very pleased, for this is a field I know something about. I hope I am being appointed not as a woman but as an expert in international affairs.

"For 25 years I have been extremely interested in international affairs, not so much from the political angle as in cultural and educational fields, but since 1939 I have been a member of the Commission to Study the Organization of Peace, and have learned a lot about the constitutional and legal side of international affairs."

As a former President of the International Association of University Women, she added that she had learned "how things are done" in gatherings of individuals from many nations.

She had no knowledge of how she came to be appointed to the conference, she said, except that her name is on the roster of qualified women selected by leaders of women's organizations last spring in anticipation of frequent international conferences. She assumed that the Washington office of the American Association of University Women had suggested her for this particular position.

Since the last war, she said, she had studied world peace organizations, and served as a member of the American National Committee on International Intellectual Cooperation, a participating body in the international committee established by the League of Nations. Long before that, however, she said, she had attended the dinner at which Woodrow Wilson first enunciated his Fourteen Points.

"If the United States Senate," she smiled, "had taken the advice of the students of Barnard College, America would have joined the League of Nations."

# Dodge Construction Contracts Awarded In January

Continuation of declines in publicly owned construction in the thirty-seven states east of the Rocky Mountains is revealed in the record of contracts awarded during January, F. W. Dodge Corporation reports. At the same time it is made known that privately owned nonresidential and heavy engineering construction during the month exceeded that reported in the first month of 1944.

Nonresidential construction in the thirty-seven eastern states, measured by contracts awarded during January, amounted to $81,614,000 as compared with a total of $67,908,000 during January of last year. Residential construction declined from a total of $40,997,000 in January, 1944, to $19,536,000 in January, 1945. Total construction volume during the first month of 1944 aggregated $159.238,000 as compared with $140,949,000 last month.

In January privately owned nonresidential construction represented 55% of the total, as compared with 14% of the total during the corresponding month of 1944; privately owned residential construction last month represented 79% of the total as compared with 61% in January, 1944. In January, 1944, heavy engineering construction privately owned amounted to 5% of the total, but last month it represented 15%.

# The State of Trade

(Continued from page 859)

barrels. This represented an increase of 5,400 barrels per day above the preceding week, but was 28,000 barrels below the daily average figure recommended by the Petroleum Administration for War for the month of February, 1945. When compared with the corresponding week last year, crude oil production was 329,650 barrels per day higher. For the four weeks ended Feb. 10, 1945, daily output averaged 4,728,250 barrels.

Reports from refining companies indicate that the industry as a whole ran to stills (on a Bureau of Mines basis) approximately 4,770,000 barrels of crude oil daily and produced 14,996,000 barrels of gasoline. Kerosene output totaled 1,563,000 barrels with distillate fuel oil placed at 4,565,000 barrels and residual fuel oil at 9,237,000 barrels during the week ended Feb. 10, 1945. Storage supplies at the week-end totaled 47,882,000 barrels of civilian grade gasoline, 44,573,000 barrels of military and other gasoline; 7,896,000 barrels of kerosene; 30,544,000 barrels of distillate fuel oil and 48,845,000 barrels of residual fuel oil.

**Lumber Shipments**—The National Lumber Manufacturers Association reports that lumber shipments of 472 reporting mills were 5.8% above production for the week ended Feb. 10, 1945, while new records for these mills were 5.9% more than production. Unfilled order files amounted to 97% of stocks.

For the year-to-date shipments of reporting identical mills exceeded production by 6.8% and orders ran 17.3% above output.

Compared to the average corresponding week of 1935-39, production of reporting mills was 42.8% greater, shipments 32.2% greater, and orders 25.2% greater.

**Paper Production**—Paper production for the week ended Feb. 10 was 90.2% of capacity, as against 88.8% of capacity for the preceding week, the American Paper and Pulp Association's index of mill activity disclosed. The rate during the week ended Feb. 12, last year, was also 88.8% of capacity. As for paperpoard, production for the same period was reported at 93% of capacity, or an increase of 1 point over the previous week.

**Silver**—The London market was unchanged at 95½d. for basis .999 silver. The New York Official for foreign silver continued at 44¾c. and 70⅝c. for domestic silver.

**January Building Permits**—Total value of building permits issued during January moderately exceeded that for December, and rose substantially above the volume for the first month of 1944, Dun & Bradstreet reported. Estimated cost of permits for 215 cities of the United States totaled $44,767,043 in January, representing a rise of 13.5% above December, 1944, with $39,433,287, and was 31.9% greater than the $33,942,794 recorded in January of last year.

**Business Failures**—Commercial and industrial failures in the week ended Feb. 15 turned upward, bringing them close to their number in the comparable week of last year. Concerns failing, Dun & Bradstreet, Inc., reported, numbered 23, as compared to 14 in the previous week and 25 a year ago. Failures in commercial service jumped to seven from last week's one, while in all other industry and trade groups except wholesaling there were moderate increases. Large failures with liabilities of $5,000 or more numbered 13, as against nine a week ago and 19 in the like week a year ago. Canadian failures numbered three, as compared with two in the previous week and none in the corresponding week of 1944.

**Food Price Index**—The Dun & Bradstreet wholesale food price index for Feb. 13 advanced 1 cent further to $4.11, the highest since the war-time peak of $4.12 was reached on May 18, 1943. The current level represents a rise of 2.0% above the $4.03 recorded on the corresponding 1944 date. Advances during the week occurred in oats, potatoes, steers, sheep, and lambs, while declines were registered in flour, rye, and eggs.

The index represents the sum total of the price per pound of 31 foods in general use.

**Commodity Price Index**—Leading commodity markets showed little change during the week in the general level of prices as individual movements continued within a narrow range. According to Dun & Bradstreet, Inc., its daily wholesale commodity price index closed at 175.50 on Feb. 13, from 175.33 a week earlier and 172.12 on the corresponding date a year ago.

The grain markets exhibited an irregular trend with futures lower after a show of early strength. Virtually all cash markets held firm. A smaller volume of trading was noted in leading domestic cotton markets last week with the price movement narrow and irregular. Spot sales reflected a decided slump, with mills cautious and buyers generally adopting a waiting position, due to the uncertainty over future developments. In the Boston wool market trading showed a further quieting last week. New wool commitments were reluctantly made by buyers and the general disposition was to avoid accumulating heavy stocks of domestic wool at this time. Activity marked foreign wool trading induced by the scarcity of spot offerings and shortly to arrive lots. In the primary wool markets new purchasing also registered declines.

Conditions of retail trade were varied in the past week for the country at large but sales volume rose above that of the previous week. Bad weather in some sections affected sales adversely, but in the main, moderated temperatures were favorable to the purchasing of seasonal lines. Especially was this true in the case of advanced buying of women's apparel and millinery. Shortages continue to be an important factor of trade with departments handling white goods and other staples being crowded. A good volume was enjoyed in the week by main floor departments with activity fairly well distributed. Retail inventories continued at a low level with new shipments quickly absorbed by the public.

Women's accessories, cosmetics and costume jewelry enjoyed a good demand as interest in spring dresses, suits and coats increased. With the winter well on its way, winter goods continued in good demand despite low inventories and the difficulty encountered in making stock replacements. The seasonal trek to more sunny climes has begun, resulting in heavy sales of bathing suits in beachwear departments. Handbags sales also moved upward. Frilly white blouses continued in excellent demand and the volume in men's wear and furnishings was better than in previous weeks and over a year ago.

Furniture departments affected by shortages in medium and lower-priced lines saw sales drop behind that of the week preceding. Drapery sales, however, forged ahead and the volume of floor covering was on the rise. Better quality linens attracted wide inquiry as well as sheets, towels and other staple cotton items. Rayon and cotton yardage sales for home sewing held at a high level.

With most retail lines displaying a moderate gain compared with the relatively heavy buying of a year ago, retail volume for the country was estimated from 8 to 12% over a year ago. Regional percentage increases were: New England, 4 to 6%; East, 7 to 10%; Middle West, 11 to 17%; Northwest, 7 to 10%; South, 10 to 14%; Southwest, 12 to 16%; Pacific Coast, 9 to 15%.

Food distribution continued spotty. This was especially true of meats and dairy products. Sales are holding about even with the levels prevailing one year ago.

In wholesale lines, delayed shipments have been a handrance and deliveries have fallen considerably behind and reorders in many lines are difficult to fill. However, there was a slight increase in volume in spite of shortages in many staple items. As for inventories, reports coming to hand place both wholesale and retail stocks below that of a year ago.

Department store sales on a country-wide basis, as taken from the Federal Reserve Board's index, were 22% ahead of a year ago for the week ended Feb. 10, 1945. This compared with 11% in the preceding week. For the four weeks ended Feb. 10, 1945, sales increased 15% and for the year to date by 13%.

Retail trade in New York was notably active last week with sales of specialty shops especially large. On Monday of the current week the WPB set up a new textile control program for the purpose of providing civilians with their minimum needs in essential clothing around the prices they paid in 1943. The new textile order is designated as Order M-388 and provides that mills must set aside specified percentages of all their apparel fabrics the cloth left after military and industrial demands have been met — for makers of a list of essential garments selling in the low and medium-priced brackets. In the wholesale field during the week summer lines of dresses and sportswear were withdrawn with manufacturers requesting long deliveries. As in the case of stocks of goods for the country as a whole, the general supply situation continued extremely tight.

According to the Federal Reserve Bank's index, department store sales in New York City for the weekly period to Feb. 10, 1945, increased by 19% over the same period of last year. This compared with an increase of 13% (revised figure) in the preceding week. For the four weeks ended Feb. 10, 1945, sales rose by 13% and for the year to date by 10%.

# Record-Breaking United States Foreign Trade

The Bureau of the Census, Department of Commerce, announced on Jan. 31 that the value of United States export trade broke all records during the calendar year 1944 and that the value of the United States import trade reached a 15-year high. The Bureau also released for the first time information on the physical volume of these record-breaking import and export totals showing that the shipping weight of exports in 1944 reached a total of 185 billion pounds, an increase of 12 billion pounds over the already very high year of 1943. At the same time United States imports in 1944 had a total shipping weight of 119 billion pounds, a substantial increase from the 100 billion pounds in 1943.

| | 1943 | 1944 |
|---|---|---|
| Total export value | $12,714,000,000 | $14,065,000,000 |
| Percent Lend-Lease | 80 | 80 |
| Total export shipping weight (pounds) | 173,135,000,000 | 185,391,000,000 |
| Percent Lend-Lease | 34 | 42 |
| Total import value | $3,372,000,000 | $3,911,000,000 |
| Total import shipping weight (pounds) | 100,444,000,000 | 118,844,000,000 |

Total exports in December, 1944, for the first time in nine months, dropped below the one billion dollar mark to a total of $948,000,000, as compared with an average monthly level of $1,172,000,000 for 1944. The total exports of $14,065,000,000 for the year 1944 were considerably higher than the $6,234,000,000 in 1917, the largest export year during World War I., and $8,228,000,000 in 1920, the year of highest exports prior to 1943, when the total reached $12,714,000,000. The value of general imports in December was $336,000,000, bringing the total during 1944 to $3,911,000,000, compared with $3,372,000,000 in 1943 and $4,399,000,000 in 1929.

The value of Lend-Lease exports during 1944 was $11,287,000,000, or 80% of total exports. Lend-Lease exports represent a far smaller percentage of the physical volume of the United States exports, totaling 78 billion pounds in 1944, or only 42% of the total export weight. The percentage of Lend-Lease in the physical volume of export trade at 42% was higher than in 1943, when the percentage was 34%. Lend-Lease materials tend to run a higher value per pound than non-Lend-Lease exports. Both Lend-Lease and total exports include shipments by vessel, rail, truck, air, etc., and the non-Lend-Lease part of the total exports include a higher proportion of coal and other bulky commodities of low value. Lend-Lease exports at 80% of the value of all exports in 1944 compares with 14% in 1941 when the Lend-Lease program was first started, 61% in 1942, and 80% in 1943.

The figures quoted on United States exports do not include shipments to United States armed forces abroad and are not adjusted for changes in price level.

The Bureau also announced that imports of newsprint in 1944 totaled 2,491,000 short tons, compared with 2,637,000 in 1943, 2,921,000 in 1942, and 2,982,000 in 1941.

Certain delayed figures on trade with Latin America and Canada and on trade in gold and silver were also made available to the public for the first time under security regulations. These are shown in the tables which follow:

TABLE 1.—VALUE OF UNITED STATES EXPORTS, 1941-1944

(In thousands of dollars)

| Year and Month— | *Total Domestic and Foreign Merchandise | *Domestic Merchandise | Lend-Lease Domestic and Foreign Merchandise | Percent of Lend-Lease to Total Exports |
|---|---|---|---|---|
| Total 1941 | 5,147,151 | 5,019,877 | 741,000 | 14 |
| Total 1942 | 8,035,416 | 7,959,539 | 4,894,000 | 61 |
| †Total 1943 | 12,713,885 | 12,590,538 | 10,106,637 | 80 |
| †Total 1944 | 14,065,237 | 13,968,149 | 11,287,139 | 80 |
| 1943— | | | | |
| January | 730,498 | 722,315 | 535,057 | 73 |
| February | 719,176 | 710,691 | 528,535 | 74 |
| March | 938,512 | 973,805 | 777,060 | 79 |
| April | 979,166 | 969,583 | 774,685 | 79 |
| May | 1,084,790 | 1,076,047 | 847,956 | 78 |
| June | 1,001,739 | 995,427 | 790,198 | 79 |
| July | 1,261,299 | 1,253,499 | 1,032,173 | 81 |
| August | 1,202,392 | 1,191,354 | 985,878 | 82 |
| September | 1,235,230 | 1,218,517 | 1,004,249 | 81 |
| October | 1,194,972 | 1,187,250 | 951,715 | 79 |
| November | 1,072,064 | 1,060,330 | 856,819 | 80 |
| December | 1,244,047 | 1,231,722 | 1,022,312 | 82 |
| 1944— | | | | |
| January | 1,090,235 | 1,081,542 | 923,943 | 85 |
| February | 1,083,719 | 1,074,874 | 900,977 | 83 |
| March | 1,156,166 | 1,146,493 | 951,445 | 82 |
| April | 1,189,629 | 1,179,809 | 986,717 | 83 |
| May | 1,422,664 | 1,413,351 | 1,193,139 | 84 |
| June | 1,277,336 | 1,268,840 | 1,035,383 | 81 |
| July | 1,197,185 | 1,190,134 | 936,479 | 78 |
| August | 1,187,934 | 1,180,724 | 928,105 | 78 |
| September | 1,189,677 | 1,183,499 | 953,632 | 80 |
| October | 1,137,767 | 1,132,481 | 892,766 | 78 |
| November | 1,184,845 | 1,176,434 | 900,746 | 76 |
| December | 948,079 | 939,966 | 683,806 | 72 |

*Including Lend-Lease merchandise.

†Totals represent sum of unrounded figures, hence may differ slightly from sum of rounded amounts.

TABLE 2.—VALUE AND SHIPPING WEIGHT OF UNITED STATES IMPORTS OF MERCHANDISE, 1943-1944

(Values in thousands of dollars: shipping weight in millions of pounds)

| | *General Imports | | |
|---|---|---|---|
| Year and Month— | Value | Shipping Weight | †‡Imports for Consumption Value |
| Total 1941 | 3,345,084 | ‡ | 3,221,954 |
| Total 1942 | 2,742,014 | ‡ | 2,766,425 |
| §Total 1943 | 3,372,087 | 100,444 | 3,380,879 |
| §Total 1944 | 3,911,234 | 118,844 | 3,869,968 |
| 1943— | | | |
| January | 228,878 | 5,438 | 246,240 |
| February | 233,866 | 6,343 | 244,899 |
| March | 249,342 | 6,515 | 264,058 |
| April | 257,712 | 6,953 | 267,588 |
| May | 281,345 | 8,093 | 285,449 |
| June | 295,304 | 10,005 | 287,654 |
| July | 301,698 | 9,151 | 295,980 |
| August | 315,859 | 10,850 | 306,796 |
| September | 286,352 | 8,623 | 285,259 |
| October | 329,168 | 10,181 | 317,293 |
| November | 311,084 | 9,414 | 302,022 |
| December | 281,480 | 8,877 | 277,640 |
| 1944— | | | |
| January | 300,122 | 8,959 | 304,569 |
| February | 313,178 | 9,373 | 304,567 |
| March | 358,498 | 9,753 | 357,252 |
| April | 360,146 | 10,947 | 356,273 |
| May | 386,386 | 11,660 | 372,697 |
| June | 331,377 | 10,388 | 323,188 |
| July | 294,467 | 9,284 | 290,002 |
| August | 301,591 | 10,163 | 296,369 |
| September | 280,426 | 9,841 | 278,273 |
| October | 327,178 | 10,155 | 330,278 |
| November | 321,922 | 9,404 | 323,779 |
| December | 335,943 | 8,917 | 332,721 |

*General imports include entries for immediate consumption and entries into bonded customs warehouses.

†Imports for consumption include entries for immediate consumption and withdrawals from bonded customs warehouses for consumption.

‡Shipping weight data not available.

§Totals represent sum of unrounded figures, hence may differ slightly from sum of rounded amounts.

TABLE 3.—VALUE OF UNITED STATES IMPORT AND EXPORT TRADE, 1915-44

(In thousands of dollars)

| Year— | Exports of Domestic and Foreign Merchandise | *General Imports |
|---|---|---|
| 1915 | $3,554,671 | $1,778,597 |
| 1916 | 5,482,641 | 2,391,635 |
| 1917 | 6,233,513 | 2,952,468 |
| 1918 | 6,149,088 | 3,031,213 |
| 1919 | 7,920,426 | 3,904,365 |
| 1920 | 8,228,016 | 5,278,481 |
| 1921 | 4,485,031 | 2,509,148 |
| 1922 | 3,831,777 | 3,112,747 |
| 1923 | 4,167,493 | 3,792,066 |
| 1924 | 4,590,984 | 3,609,963 |
| 1925 | 4,909,848 | 4,226,589 |
| 1926 | 4,808,660 | 4,430,888 |
| 1927 | 4,865,375 | 4,184,742 |
| 1928 | 5,128,356 | 4,091,444 |
| 1929 | 5,240,995 | 4,399,361 |
| 1930 | 3,843,181 | 3,060,908 |
| 1931 | 2,424,289 | 2,090,635 |
| 1932 | 1,611,016 | 1,322,774 |
| 1933 | 1,674,994 | 1,449,559 |
| 1934 | 2,132,800 | 1,655,055 |
| 1935 | 2,282,874 | 2,047,485 |
| 1936 | 2,455,978 | 2,422,592 |
| 1937 | 3,349,167 | 3,083,668 |
| 1938 | 3,090,440 | 1,960,428 |
| 1939 | 3,177,176 | 2,318,081 |
| 1940 | 4,021,146 | 2,625,379 |
| 1941 | 5,147,151 | 3,345,084 |
| 1942 | 8,035,416 | 2,742,014 |
| 1943 | 12,713,885 | 3,372,087 |
| 1944 | 14,065,237 | 3,909,504 |

*General imports include entries for immediate consumption and entries into bonded customs warehouses.

## Trustee of Foundation

Basil O'Connor, Chairman of the Executive Committee of the Georgia Warm Springs Foundation, of which Franklin D. Roosevelt is President, announced recently the election of Harold V. Smith, President of the Home Insurance Company, as Trustee.

# The Price and Quantity of Money

(Continued from first page)

governed by the same factors, but liquid banks can easily mean frozen inventories. The process by which banks render themselves liquid, i.e., calling or failing to renew loans, can render business illiquid by failing to provide funds to move goods. The second is that the theory of innovations, now commonly accepted as important in the theory of interest, gains in concreteness when contrasted with the inevitably concomitant obsolescence which works obvious effects upon capital values.

The paramount value of Mr. Potter's discussion, however, centers in his definition of "pure" interest as interest unaffected by price changes, as it would be "if loans were in fact dependent entirely on savings," or as that return (apart from price changes) "which investments must yield to maintenance capital values," i.e., as that rate of interest and associated capital values which would maintain if prices changed only in response to cost factors and not to monetary factors as well. This is the level at which "all investments would equate efficiency" and produce a meaningful rate of interest.

The quest for this "pure" interest is a difficult one. "Capital values bear no necessary relation to antecedent costs" for two reasons. First, a true innovation can be evaluated only after its capacity to produce income is known by experience and capitalized at a prevailing rate of interest. Second, and much more important, capital values bear no necessary relation to antecedent cost because they are frequently financed by funds which have never been income and therefore could not have been saved. If a venture launched under the second conditions is successful, the capital asset will be owned by someone who did no **antecedent** savings, and the value of the assets will be extracted from the community by means of shifts in income distribution or shifts in prices which cause changes in the value of income received.

Inevitably, the interest discussions of practical men will be fruitless as long as they use ideas and habits of mind that were common and valid in the remote day when hard money had a cost of production, and the volume of loanable funds, though capable of some expansion, had perceptible limits. To use these concepts in a Keynesian world where. "under ideal conditions, with risk eliminated and abundance of savings, interest should be zero," is evidently to talk at cross purposes. The sterility of the discussion is due to "the fact that the rates under discussion are **bank** rates and not at all what rates would be if loans were in fact dependent entirely upon savings."

Every value item is arrived at by a price-times-quantity (p-q) process. In general, the relation between these is inverse: the greater the quantity, the lower the price. For any particular commodity, the business man's experience enables him to judge with great accuracy the probable effect of changes of one factor upon the other. This accuracy is possible because **q** is governed by objective considerations of time, space, and available materials. But when we speak of interest as at present administered, we are without these guides, because **q**, the quantity of money, is governed by no objective factors. The productive capacity of the United States has definite dimensions—so many tons, bales, carloads, in February or March, at Honolulu or Hoboken. The number of dollars and bonds and, therefore, debts representing claims, current or deferred, on this capacity, has no objective limits; and the p-q value relationship, however important it may be to us practically, has no meaning except that which the monetary authorities choose to give. The importance of what has here been overlooked may be demonstrated by anyone who will attempt to construct a **weighted** index of interest as a price.

"Keynes has rendered Marx unnecessary" is a formula that is becoming commonplace. The meaning is that the government which has complete control of the currency subject to no objective criteria can endlessly borrow claims of its own creation. Having this complete control of the supply of money, and combining it with a flexible tax system, the government can produce any desired wage and price effect as Hitler demonstrated. This Fiscal Fascism renders Marx unnecessary because it enables those who handle the controls to determine the size and value of the income and the value of the savings of the marionettes for whom the decisions are being made.

The one thing that can reasonably be demanded of a price structure is that it be accurate, that it faithfully record the relative valuations by the community of all the commodities and services purchasable. Within the price structure is the rate of interest, a price of peculiar importance in manifesting the state of the economy. Pump-priming, deficit financing, compensatory spending and cyclically balanced budgeting are all attempts to establish some price level other than that established in reaction to some **previous** period in which loans had been made from expanded credit. Newly created funds never having been income, could never have been saved; therefore, the loan of such funds could have none of those qualities which economists and moralists alike have looked to as a justification of interest payments. Granting that some sections of the economy may present qualities grievously disturbing, the remedy is not to falsify our principal guide to economic truth, but to attack these problems directly by social reform. We may then look for the result in an altered price, wage and income structure. To achieve proximate ends by belying the price structure is to create a situation of hopeless confusion.

Pure interest, in Mr. Potter's sense, is the means by which the efficient and frugal pass from a proletarian to a propertied estate. Widespread loans of funds that are not savings means the disappearance of pure interest. Though under a program of forced saving through government investment the benefits of saving must still be present in the economy, they will not accrue to those who have saved. Even if saving and investing are made government monopolies as they were in Russia, where no one was permitted economic security except on the State's terms, the benefits and the costs are still uncorrelated.

John Hicks concludes his recent important study (**Value and Capital**, p. 302) on the following dubious note: "One cannot suppress the thought that perhaps the whole Industrial Revolution of the last two hundred years has been nothing else but a vast secular boom largely induced by the unparalleled rise in population. If this is so, it would help to explain why, as the wisest hold, it has been such a disappointing episode in human history." A much simpler explanation that would fit the same facts more snugly is that the Industrial Revolution was a vast secular boom induced by over-investment that was based on forced saving, cumulative income displacement, and cumulative maldistribution of income.

# Landis Resigns as Director of Economic Operations

## Favors Removal of World Trade Controls

James M. Landis has resigned as Director of Economic Operations and principal American representative in the Middle East to return to his former post as dean of Harvard Law School. This was made known in press advices from Washington Jan. 12

Mr. Landis recently returned from Cairo, after concluding a mission which covered over a year duration. President Roosevelt's acceptance of his resignation, made public at the White House Jan. 12, said:

"I accede to your wishes only as I know full well that Harvard University can no longer spare you from our heavy and important responsibilities as dean of Harvard Law School.

"During your period of service with the Department of State and the Foreign Economic Administration, with personal rank of minister, you have contributed greatly in resolving the numerour and intricate economic problems which under conditions of war have beset the countries of the Middle East. At the same time, you have added prestige to the American economic position in that part of the world."

Before going to the Middle East, Mr. Landis was Director of the Office of Civilian Defense and before that Chairman of the Securities and Exchange Commission.

With his return from Cairo Mr. Landis was reported on Jan. 9 in Washington advices to the New York "Times" as expressing a hope for speedy conversion of trade to normal channels and freer world commerce in the post-war era.

From the "Times" account we also quote:

"Valuable experience in restoring normal trade, said Mr. Landis, had been gained by the mission, and he hoped it would help in the progressive removal of controls and barriers throughtout the world as conditions permit.

"In the Middle East, he said, lend-lease for civilian goods had been virtually eliminated, and only those controls required to insure equitable distribution of the goods imported were retained.

"The mission," he said, "was organized under my direction to bring together under one responsible head the economic activities of the United States in the conviction that peace and prosperity in the area (Middle East) could be better assured by the elimination of artificial barriers of trade and the encouragement of free commerce among nations.

"It did away with the continuation of credit lend-lease of civilian goods to British colonies and mandates in this region on the theory that lend-lease to them was not longer demanded by the exigencies of the war. And, in eliminating lend-lease as a method of procurement in other areas, it restored the importation of goods to normal trade channels."

## Jan. Cotton Consumption

The Census Bureau at Washington on Feb. 15 issued its report showing cotton consumed in the United States, cotton on hand and active cotton spindles in the month of January.

In the month of January, 1945. cotton consumed amounted to 849,945 bales of lint and 128,781 bales of linters, as compared with 760,740 bales of lint and 120,498 bales of linters in December and 818,724 bales of lint and 98.887 bales of linters in January, 1944.

In the six months ending Jan. 31, cotton consumption was 4,877,181 bales of lint and 743,798 bales of linters, compared with 5,091,116 bales of lint and 652,171 bales of linters in the corresponding period a year ago.

There were 2,291,251 bales of lint and 289,596 bales of linters on hand in consuming establishments on Jan. 31, 1945, which compares with 2,318,656 bales of lint and 270,851 bales of linters on Dec. 31, 1944, and with 2,380,963 bales of lint and 466,281 bales of linters on Jan. 31, 1944.

On hand in public storage and at compresses on Jan. 31, 1945, there were 12,991,042 bales of lint and 27,259 bales of linters, which compares with 13,396,441 bales of lint and 25,747 bales of linters on Dec. 31, 1944, and 12,114,990 bales of lint and 82.577 bales of linters on Jan. 31, 1944.

There were 22,260,628 cotton spindles active during January, 1945, which compares with 22,219,768 cotton spindles active during December, 1944, and with 22,216,202 active cotton spindles during January, 1944.

# Legislation to Prevent Race and Creed Discrimination Opposed by Comm.-Ind. Group

Proposed legislation to prevent and eliminate practices of discrimination in employment and otherwise because of race, creed, color or national origin, if passed, will prove to be most harmful to the people of New York State, in the opinion of the Commerce and Industry Association of New York, Inc., in a statement proposing certain amendments, submitted to members of the State Assembly, and released on Feb. 15 by Association Secretary Thomas Jefferson Miley. In making its "constructive recommendations for improvement of the pending bill" the Association's statement declares:

"We do not wish to conceal our doubts as to the wisdom of the proposed legislation, even with the amendments suggested, or our fears that the proposed legislation may produce serious dangers to the people and the business of the State of New York.

"The harm which is likely to result to the country, as well as to the State of New York, if the proposed legislation is adopted in this State and not in other States, by immigration from other States and by the accompanying changes, such as the creation of additional problems of employment, relief and housing, is so serious that we venture to suggest that the entire question ought to be submitted to the Council of State Governments, to the end that uniform legislation on this subject may be adopted in the several States if it is to be considered at all.

"Stated generally, the proposed legislation should be drawn along lines more moderate than those of the bill as now introduced by the Commission and should rely upon education and conciliation rather than upon force.

"The problem of discrimination is complicated and cannot be solved by the use of an axe. Not all discrimination is wrong. Every employer owes it to himself, to his business and its efficiency, and, above all, to his employees, to use discrimination in selecting his employees, to the end that those shall be employed for a particular job whom a discriminating judgment shows to be best fitted for that job.

"Even an employee's race or religion may in a proper case enter into the choice. A supplier of ecclesiastical vestments to Catholic churches, or an architect building such churches will require employees steeped in the Catholic tradition. A kosher butcher cannot employ gentiles. Who can legitimately object to an all-French or an all-Scandinavian restaurant or an all-Negro show? A salesman or insurance solicitor dealing with a particular class of foreigners who is one of them will obviously have better chances of success than one who is not. . . .

"These, and other differences in the needs and characteristics of different businesses and different jobs, must not be lost sight of by laying down a rigid general rule against discrimination in every case; to ignore them would be unrealistic as well as unjust. We have studied the proposed legislation with great care and if it is to be enacted into law we believe it should be amended."

The Association proposes seven amendments.

# Bill for Commission to Report on Tax Structure Approved by Credit Men

General endorsement of the bill now before Congress, H. R. 1410, to establish a Commission on Taxation, is given in his Monthly Business Review by Henry H. Heimann, Executive Manager of the National Association of Credit Men, which was released on Feb. 15. This bill to create a tax commission follows the recent declaration of the NACM Committee on Taxation, Mr. Heimann points out, and expresses the viewpoint of a large number of the members of the National Association of Credit Men. "The conflict between the various taxing bodies, the present overlapping of our tax measures, the confusion and economic effect of taxation schedules, all seem to indicate that such a commission would be most advisable," Mr. Heimann points out. "This bill (H. R. 1410)," he says, "would authorize the commission to compile, analyze and report upon facts in relation to our overlapping inter-governmental tax structure. There are other provisions in this bill which are worthy of note. It would have the Commission seek to define the sphere of taxation function among the three different levels of government."

"The purposes of this bill so parallel the resolution adopted by our own organization," Mr. Heimann said, "that it is only natural we have a great interest in it. We believe it is worthy of study and deserving of support. If we can get our taxation muddle cleared away, such action would contribute tremendously to the welfare of the nation." As a means of further centralizing its effort on the question of taxation, Mr. Heimann pointed out that a special questionnaire is now being prepared to elicit facts which can be presented to the proper Congressional Committee considering the tax commission bill.

Pointing out that the severe winter might bring blessing or disaster, the chief of the credit men's organization offered the suggestion that any preventive work that might be done in the areas blanketed by record snows so as to bring protection against floods, should be attempted at once. "Certainly here is a critical need for labor and no one would deny that the utilization of labor in this respect would be a significant contribution to the war effort for much of the production as well as the food of the nation is found within the areas covered by these heavy snows. Permanent protection against floods requires long range planning, but there is some protection that can be had through temporary measures and these should be undertaken without delay."

# Conference on Dumbarton Oaks Proposals To Be Held at San Francisco April 25

The Dumbarton Oaks proposals for a world security organization will be the subject of a United Nations Conference to be held at San Francisco on April 25. Announcement of the plans for the conference followed President Roosevelt's message to Congress on Feb. 12 in which he referred to his budget message of Jan. 9, calling attention to the need for immediate action on the Bretton Woods proposals for an international monetary fund and an international bank for reconstruction and development. It is my purpose in this message, the President told Congress Feb. 12, to indicate the importance of these international organizations in our plans for a peaceful and prosperous world. In his Feb. 12 message the President likewise said:

If we are to measure up to the task of peace with the same stature as we have measured up to the task of war, we must see that the institutions of peace rest firmly on the solid foundations of international political and economic cooperation. The cornerstone for international political cooperation is the Dumbarton Oaks proposal for a permanent United Nations.

The President further stated that the United States should act promptly upon the plan for the international bank, which will make or guarantee sound loans for the foreign currency requirements of important reconstruction and development projects in member countries.

At the same time the President recommended prompt action by the Congress to provide the subscription of the United States to the international monetary fund and the legislation necessary for our membership in the fund. He added:

The international fund and bank together represent one of the most sound and useful proposals for international collaboration now before us. On the other hand, I do not want to leave with you the impression that these proposals for the fund and bank are perfect in every detail.

The President's Feb. 12 message to Congress came just as the report of the Crimea Conference of President Roosevelt, Prime Minister Churchill and Premier Stalin was made available, and in Associated Press advices from Washington on Feb. 13 it was stated:

The dark curtains of secrecy were drawn from the conference late yesterday. This revealed that the Big Three had agreed not only on mighty new blows to crush Nazism and permanently disarm Germany, but also on several pieces of specific peace machinery to guarantee independence and self-determination to the small countries of Europe. A formula for creating a new Government in Poland which will be acceptable to all three powers is included.

The three leaders apparently compromised the split between the United States and Russia over the voting rights of the Great Powers in the proposed Dumbarton Oaks security plan. This cleared the way for the United Nations conference and they decided to call it for San Francisco on April 25. That is the date by which Russia must denounce her non-aggression treaty with Japan if it is not to run for another five years.

Diplomatic officials here discounted the significance of this fact, terming it a coincidence. But it raised all over again speculation that Stalin had now declared to Roosevelt and Churchill an intention to enter the war in Asia when military conditions in Europe permit.

The Big Three announcement, covering nine major points, was hailed at the Capitol by both Republicans and Democrats.

In indicating the names of the delegates who will represent the United States at the San Francisco Conference, special advices from Washington Feb. 13 to the New York "Times" stated that the delegation will include Cordell Hull, former Secretary of State, who will serve as its senior adviser; four members of Congress, and two others. The latter six are:

Senator Tom Connally, Democrat, of Texas, Chairman of the Committee on Foreign Relations; Senator Arthur H. Vandenberg, Republican, of Michigan, author of the resolution proposing an immediate agreement by the Allies for keeping Germany and Japan permanently demilitarized; Representative Sol Bloom, Democrat, of New York, Chairman of the House Committee on Foreign Affairs; Representative Charles A. Eaton, Republican of New Jersey, ranking minority member of the House Committee; Commander Harold Stassen, former Governor of Minnesota and a strong advocate of international collaboration for peace, and Dean Virginia Gildersleeve of Barnard College.

The designation of Mr. Hull indicated that the former Secretary, who has been a patient at the Naval Hospital at Bethesda, Md., would be able to leave the hospital before the meeting date of the conference.

From the "Times" advices of Feb. 13 we also quote:

It also projected the possibility that he would be chairman of the conference, inasmuch as President Roosevelt in accepting his resignation as Secretary of State referred to him as the father of the United Nations and expressed the hope that he would serve as chairman of the conference, which even then was being planned.

Mr. Hull exercised a guiding hand in the Dumbarton Oaks Conference, at which Mr. Stettinius presided.

The selection of members of Congress was made in recognition of the part which the Senate would play in approving the charter of the security organization to be drafted at San Francisco.

In that respect the delegation is similar to the one appointed for the Inter-American Conference, which will convene in Mexico City on Feb. 21. Furthermore, the same pattern has been followed in the appointment of a woman member of the delegation. Representative Edith Nourse Rogers, Republican, of Massachusetts, is a member of the delegation to the Mexico City conference. . . .

President Roosevelt, Prime Minister Churchill and Premier Stalin during the Crimean meeting at Yalta cabled to Mr. Hull their wishes for "speedy recovery." The message, sent by Secretary Stettinius, said:

"I have been instructed to transmit the following message to you on behalf of the undersigned who were guests of the Prime Minister this evening at dinner:

" 'We have missed you at this conference and send to you our affectionate greetings. We wish for you a speedy recovery in order that all of us may have the benefit of association with you again.

" 'Signed: Roosevelt, Stalin, Churchill, Molotoff, Eden, Stettinius.' "

Mr. Hull replied as follows:

"I am in receipt of your cable of Feb. 11 transmitting a most cordial message of greeting from President Roosevelt, Prime Minister Churchill, Marshal Stalin, Mr. Eden, Mr. Molotov and yourself. Please convey my grateful appreciation to each of them, together with my fervent wish for the fullest measure of success in their immense undertaking now and in the future."

Senator Connally, when informed of his selection as a delegate, said:

"The President recognizes the functions of the Senate and his action indicates his desire to have the utmost cooperation between the Senate and the Executive. I feel that the members of the Senate designated by the President as members of the delegation to the United Nations Conference will cooperate with the Executive Department in striving to secure the best possible organization for world peace and security."

# Stettinius to Head U. S. Group Attending Inter-American Conference in Mexico City

Secretary of State Edward R. Stettinius heads the United States group of delegates participating in the conference of American Republics on war and post-war problems scheduled to open in Mexico City yesterday (Feb. 21). In addition to four members of Congress slated to attend the conference, officials of organizations representing many segments of the American community will also be official participants, according to Carl Levin, in Washington advices to the New York "Herald Tribune" on Feb. 10, which also said in part:

The members of Congress who will go to the meeting, starting Feb. 21, as special advisers to the United States delegate, Edward R. Stettinius, Jr., Secretary of State, are Senator Tom Connally (Dem.-Texas), Chairman of the Senate Foreign Relations Committee; Senator Warren R. Austin (Rep.-Vt.), also a member of the Senate Committee; Representative Sol Bloom (Dem.-N. Y.), Chairman of the House Foreign Affairs Committee, and Representative Edith Nourse Rogers of Massachusetts, a ranking minority member of the House Committee.

In the event that Mr. Bloom is unable to make the trip, he will be replaced by Representative Luther A. Johnson of Texas, the next highest ranking majority member of the Committee.

From the list of 38 persons who will go to Mexico City for the conference it is evident that Secretary Stettinius intends to go prepared not only for political discussions but also for economic discussions of a nature which may show the other American republics how closely their future is tied to that of the United States.

Under date of Feb. 10, United Press accounts from Washington appearing in the "Herald Tribune" said:

Mexico has proposed that membership in the world security organization be "universal and obligatory"—thus including present enemies, but with rights restricted in the beginning, it was revealed tonight.

Mexico proposed 28 changes in the Dumbarton Oaks plans in a handbook for delegates to the forthcoming "Inter-American Conference on Problems of War and Peace." The Pan American Union published the book and included commentaries from nine Latin-American nations.

The Dumbarton Oaks plan calls for a peace and security organization which would include a large assembly and a small security council, the latter the decision-making body.

The Latin Americans believe the plans "suffer from the capital defect of ignoring the assembly"—the body in which all nations would have seats and an equal vote. They believe the powers of the proposed eleven-nation council should be matched with increased authority for the assembly in matters relating to security.

In any event, all the Latin-American nations believe Latin America should have a guaranty of representation on the council. Some want a permanent seat, while others want assurances that Latin America will occupy three or four of the non-permanent seats.

Brazil, Venezuela and Mexico objected to the name "United Nations." Brazil said it was "inexpressive" and suggested "union of nations"; Mexico proposed "permaient union of nations," and Venezuela said the war-time connotation of "United Nations" was not very appropriate for a peace organization.

The highlights Mexico's recommendation follow:

Powers for the assembly corresponding to its representative character in a democratic system.

Designation of council members "according to their degree of international responsibility for the maintenance of peace."

A prohibition against voting on its own case by a big power which is party to a dispute.

A pledge by all states to incorporate international law into their national law.

Adoption by the world organization of a declaration on the international rights and duties of man, and creation of a special organ to supervise its observance.

Provision that at least one of the pacific procedures provided in the plan shall be applied before the application of force whenever an international dispute arises.

Compulsory registration of treaties with the organization's secretariat.

Exclusion of the proposed world court from the "essential organs" of the organization and inclusion of the economic and social council.

Provision for a security council meeting at least every three months.

Secretary Stettinius, who participated in the recent "Big Three" Crimea conference, met in advance of that gathering with Harry Hopkins in Rome, Italy. Under date of Jan. 31 Associated Press advices from Rome stated:

Their (Messrs. Stettinius and Hopkins) flying visits were said by Mr. Hopkins to be part of the preliminaries leading to the Roosevelt-Stalin-Churchill meeting. An official announcement of the conferences was issued after Secretary Stettinius and Mr. Hopkins, who is the President's personal representative, boarded planes and left this war theatre.

Mr. Hopkins went to Allied Headquarters yesterday from conferences in Rome in which he saw Italian Foreign Minister De Gasperi, had an audience with Pope Pius and conferred with Alexander Kirk, United States Ambassador to Italy. By his own statement he looked closely into records relating to Allied political affairs in Italy.

The report on the "Big Three" conference appeared in our Feb. 15 issue, page 746.

# Representative Assailed by "Pravda" for Criticism of Yalta Declaration on Poland

Representative Alvin E. O'Konski, Republican of Wisconsin, was assailed on Feb. 18 by "Pravda," in his criticism of the Yalta declaration on Poland, it was disclosed in an Associated Press dispatch from Moscow on Feb. 18, which said:

The Communist party newspaper also attacked former Premier Stanislaw Mikolajczyk, of the London Polish Government, who, the Russian Army paper, "Red Star," had hinted might participate in a reorganized Warsaw regime.

"Pravda" spoke out on the eve of negotiations here to revise the Warsaw Government. The Crimea Conference called for "a broader democratic basis, with the inclusion of democratic leaders from Poland itself and from Poles abroad."

O'Konski, "Pravda" said, had repeated "a dirty insinuation of Fascist propaganda concerning liberated Poland and the Baltic."

"Against a background of unprecedented unanimity of view toward the Crimea Conference in the United States and England, the speech of Rep. A. E. O'Konski attracted general attention," "Pravda" said. "From the tribune of the House of Representatives he spoke like Goebbels (German Propaganda Minister Dr. Paul Joseph Goebbels). Most surprising was that some Republicans in the House approved this political buffoonery. Mr. O'Konski is opposed to a long list of prominent members of the American Congress, including former isolationists, who welcomed the Crimea decisions."

Mr. O'Konski told the House last Tuesday (Feb. 13) that the settlement over Poland represented a success for Goebbels "second only to that of Munich." The son of Polish-born parents, he declared "the selling out of Poland is a stab in the back to freedom . . . a denunciation of the Atlantic Charter."

[In reply to the "Pravda" attack Mr. O'Konski said Sunday at Milwaukee: "If any one else called me a Fascist I would be very worried. I despise Fascists and Nazis with my whole soul, but when 'Pravda' calls me a Fascist I am not worried, because they call any one that who does not agree with the Russian position on anything."]

"Pravda" said the Polish Government in London had "been acting in unison with Berlin," and added: "Mikolajczyk has aligned himself with Arciszewski (Tomasz Arciszewski, Premier in the London regime), having made a statement against the Crimea decisions in the press."

[In a letter to "The London Daily Herald" last Friday, Mikolajczyk urged that the City of Lwow and the Galician oilfields remain within Poland's borders, contrary to the Crimea Conference's proposed Curzon line settlement, which would give both Lwow and the oilfields to the Soviet Union.]

# Results Of Treasury Bill Offering

The Secretary of the Treasury announced on Feb. 19 that the tenders of $1,300,000,000 or thereabouts, of 90-day Treasury bills to be dated Feb. 23 and to mature May 24, 1945, which were offered on Feb. 16, were opened at the Federal Reserve Banks on Feb. 19.

The details of this issue are as follows:

Total applied for $1,887,678,000.

Total accepted $1,308,371,000 (includes $65,660,000 entered on a fixed price basis at 99.905 and accepted in full).

Average price 99.906, equivalent rate of discount approximately 0.376% per annum.

Range of accepted competitve bids:

High, 99.910, equivalent rate of discount approximately 0.360% per annum.

Low, 99.905, equivalent rate of discount approximately 0.376% per annum.

(77% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on Feb. 23 in the amount of $1,313,528,000.

# Steel Operations Again Rise—Buying Less Active—Present Delivery Situation Tight

"Although steel order volume through the first half of February appears to be from 20% to 30% less than in the corresponding January period, such statistics are far from significant in appraising the apparent hectic condition in the steel delivery situation," states "The Iron Age" in its issue of today (Feb. 22), which further goes on to say: "Furthermore, such a decline even if continued at the same rate will have little or no effect upon already over-extended deliveries.

"Much of the order volume in recent weeks has been far beyond the steel industry's capacity to produce, and the War Production Board this past week found on its hands requirements for more than 140,000 tons of sheets which it cannot schedule for several months even with the aid of directives. As a further indication as to what the accelerated war picture has done to the steel industry, tens of thousands of tons of new sheet business has been turned away in the past week.

"With some producers delivery schedules have become so extended as to be almost meaningless. Drum sheet schedules are filled through to the end of this year, while most producers can give no closer promises than December for galvanized sheets. Carbon bars have become so tight that November deliveries are being promised. Because of this situation, which is similar for many other steel products, some steel sources believe it to be extremely doubtful that orders for those products, which are so far extended, will ever be completed, especially if the war in Europe should suddenly end.

"While the present order and delivery situation represents one of the tightest, if not the tightest, periods since the war began, the danger of a complete breakdown of the present method of scheduling steel orders may not be as close as some sources believe. Undoubtedly the fact that many plans and projects were cut back last fall when victory in Europe was expected, has caused a far larger safety factor in the form of inflated war demands than eventual needs will probably prove necessary. Nevertheless, such action must be taken since it is the price to be paid for a war of such gigantic proportions. The orders now on the books, even though they may in part turn out later to be unnecessary, do, today, represent realities.

"The combination of a tremendous order volume, increased backlogs and substantial carry-overs will in themselves probably cause, within the near future, a complete reappraisal of the steel demand situation.

"The shell steel production directive is expected to be boosted again in March and the increase in tonnage will be considerable. The significance of such an expansion will make it more difficult to honor allotment tickets for rails, semi-finished steel and structural products."

The American Iron and Steel Institute on Feb. 19 announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 94% of the steel capacity of the industry will be 96.4% of capacity for the week beginning Feb. 19, compared with 91.4% one week ago, 91.2% one month ago and 97.7% one year ago.

These rates of operation are based on capacity rating as of Jan. 1, 1945, which is somewhat higher than rated capacity as of July 1, 1944. The revised rates of operation for the first seven weeks of 1945 are: Jan. 1, 94.3%; Jan 8, 91.6%; Jan. 15, 92.2%; Jan. 22, 91.2%; Jan. 29, 88.7%; Feb. 5, 87.9%, and Feb. 12, 91.4%.

The operating rate for the week beginning Feb. 19 is equivalent to 1,765,700 tons of steel ingots and castings, compared to 1,675,900 tons one week ago, 1,670,300 tons one month ago, and 1,750,000 tons one year ago.

"Steel" of Cleveland, in its summary of the iron and steel markets, on Feb. 19, stated in part as follows:

"Steel orders continue heavy but the peak of the current buying movement appears to be over. Requirements for most of the important new programs have been covered for months in advance, with ordnance buying over the past 60 days heaviest for any comparable period since early 1943, when war machinery was first planned in volume. Demand now shows signs of tapering and this trend may continue for some time.

"At the same time further heavy commitments are in sight, including large combat tank requirements and special types of ammunition and aircraft. Based on assurances by Washington that cutbacks following V-E day will be much smaller than previously expected, plenty of work appears ahead. Backlogs show little change, with extension of delivery dates in some products and easing in others. Better transportation conditions have aided movement of raw materials and finished steel in all lines.

"Extent of interference with steel production by weather conditions in January is reflected in shipments of finished steel by the United States Steel Corp. The January total of 1,569,115 net tons, was 198,485 tons less than in December and 161,672 tons less than in January, 1944. The tonnage was lowest for any month since June, 1943, and the smallest January figure since 1940, Average daily shipments were 58,115 tons, compared with 67,984 tons daily in December.

"Steelmaking scrap situation improved with better transportation performance, but the situation is not easy and material from reserves still is being used. Dealers continue to avoid undue accumulation, fearing a setback if the European war ends suddenly. Cast grades are in small supply and put an added burden on pig iron. Borings, more plentiful as the shell program increases, continue weak and are almost the only grade below ceilings. Some allocating is being done to relieve shortages in essential cases."

## January Rayon Shipments

Domestic shipments of rayon yarn and staple fiber during January totaled 63,500,000 pounds, divided 49,800,000 pounds of filament yarn and 13,700,000 pounds of staple fiber, states the February "Rayon Organon," published by the Textile Economics Bureau, Inc., which states that "these data compare with December, 1944, shipments of 49,000,000 pounds of yarn and 13,600,000 pounds of staple or a total of 62,600,000 pounds of rayon. Comparative figures for January, 1944, show total rayon shipments of 55,400,000 pounds made up of 41,500,000 pounds of yarn and 13,900,000 pounds of staple fiber." The Bureau's advices Feb. 8 further said:

"Total rayon stocks in producers' hands on Jan. 31st aggregated 9,400,000 pounds. Of this quantity, 6,700,000 pounds represented yarn and 2,700,000 pounds was staple fiber. Year end 1944 stocks stood at a low of 8,800,000 pounds, of which 6,100,000 pounds was rayon yarn and 2,700,000 pounds was staple fiber.

"While rayon production and shipments were at a new high level last year, much of this increase came in the viscose tire-yarn program, a 100% war program," says the "Organon." It adds:

"After taking out all rated and programmed uses of rayon, from total shipments, the 'free supply' of rayon yarns available in the second half of 1944 amounted to only 168,000,000 pounds compared with 210,000,000 pounds in the first half of 1941 and an average 1939 six months' total of over 175,000,000 pounds. Based on known rated and programmed uses during the first six months of 1945, the 'Organon' estimates that this 'free supply' will decline to under 150,000,000 pounds. These data do not give effect to the rating of essential civilian rayon cloths under WPB proposed Order M-400."

# Chester Bowles Says He Has Been Misinterpreted

(Continued from first page)

their context and completely misinterpreted.

I did write Marvin Jones on Nov. 10, saying that I thought we should reconsider the whole problem of rationing meat and processed foods. I stated that the effectiveness of the existing rationing programs was being undermined by the fact that there was an insufficient amount both of meat and of processed foods under rationing to make the system workable, and that supplies were likely to get worse during 1945. I said that we either ought to unration these foods altogether or to put a sufficient volume of both processed foods and meat back under ration controls to make it possible to do a decent job.

I made this very clear in several parts of my letter. The following quotation from the first page is appropriate:

> "I think it is vital that we consider the problem, for it is truly serious. Maldistribution of rationed food products in stores is very bad and getting worse. Public criticism is increasing. The 7,300 paid employees and thousands of additional volunteers working on food rationing in the Local Boards, District, Regional and National Offices are thoroughly conscious that a poor job is being done. Resignations are at a high point and are increasing, particularly among our key people."

Two other direct quotations from my letter to Marvin Jones are appropriate. They indicate clearly that the central problem was not "a result already of Mr. Bowles' desire for his bureau to do something and not disintegrate . . ." but rather of my wish to have a clear decision as to whether we were going to attempt to ration meats effectively or not at all. The quotations follow:

> "In spite of the very poor distribution of meat today, I think that unquestionably the program is doing **some** good in distributing meat. But I question seriously if it is doing **enough** good to justify the employment of a large paid staff and the time and attention of thousands of volunteers, in the light of the fact that the program falls so far short of achieving the purposes of consumer rationing.
>
> "The maldistribution we are witnessing today would only be slightly more aggravated if we were to remove all meat items from rationing. It seems to me that we must decide whether, in the public interest, we should not either put this program back on a basis to provide reasonably good distribution of meat, or **eliminate it entirely**—with the possible exception of sugar and butter."

Our local board organization and our price, rent and enforcement departments are sadly understaffed. This leads to many unfortunate delays in getting necessary answers to business men, landlords and others who seek information or individual decision.

If it had been possible to abandon the rationing program on meats and canned foods entirely we would have been able to transfer sufficient personnel to take care of our requirements in other departments. This in turn would have made it unnecessary for us to appeal to Congress for a deficiency appropriation as we were forced to do last week.

Finally, you comment that I admitted we made a mistake in cancelling the blue stamps. This is a complete misunderstanding. I haven't said it was a mistake to cancel excess rationing stamps. If we had lacked the courage to take this obviously distasteful step the equitable distribution of meats and canned food would have been absolutely impossible in view of the present shortages. I said it was a mistake to make a commitment, either directly or by inference, that we would not cancel in view of the ever-present uncertainties in wartime supplies.

I am sure that Marvin Jones, to whom I am sending a copy of this letter, will object as I do to the misinterpretation of my letter in your Jan. 18 article.

CHESTER BOWLES,
Administrator.

Office of Price Administration,
Washington, D. C.,
Feb. 14, 1945.

# From Washington Ahead of The News

(Continued from first page)

push. The end is near. Thirteen thousand of our bombers pulverizing Berlin.

Then, switch, the headlines go to MacArthur and Nimitz and the Yalta conference, and the tremendous story of the imminent crushing of Germany is pushed into a secondary position. We come up from the welter of news about MacArthur and Nimitz and about that matter of tremendous significance, the Yalta Conference, and ask, oh yes, Germany must be about crushed by now.

Instead, we get a directive from Assistant President Jimmy Byrnes just back from Yalta where he went, according to his own explanation, to help the President in telling Stalin about the conditions on our home front, saying that all places of amusement and recreation, including clubs and bars, must be closed beginning Monday at midnight. We people simply must sacrifice, says Jimmy. You get the impression that Stalin said to Jimmy: "That's nothing like the conditions on our home front, why not get in the big leagues of sacrificing?" Anyhow, Jimmy, who a few weeks ago was burning up at what he considered to be the inefficiency of the Army and Navy heads, comes back imbued with the spirit of sacrifice.

Others of our sacrifice imposers have been over to Russia and all of them have come back feeling a little ashamed that the leaders over there could impose more sacrifices than the leaders over here.

One Congressman, right influential but a quiet sort of a fellow, said to us:

"What is worrying me is that my little 10-year-old daughter said to me the other day: Daddy, we have 140 million people, the Russians 180 million; the French have some 45 million and Britain has about that many, why can't we go ahead and lick Germany with only 80 million?"

What further worried the Congressman is that that very day he had figured out, and had it confirmed by the military, that of the 11 million men we have in the armed forces, because of the distances at which they are fighting, only one million are available for combat. Bringing this down, we are told by returning war correspondents that at no time do we have more than 150,000 in the lines on the Western front.

But you've got to admit that the world "has shrunk," that any country, regardless of how remote, is always in danger from another country, that we have come to be a "closely knit unit"—aviation, we understand, has brought us that way—you've got to admit it, because this country, not any other country, however, has proved it, and at a ghastly sacrifice, and is having an awful time proving it.

# Headquarters of Nat'l Assn. of Bank Auditors & Comptrollers To Be in Chicago

Incident to its increasing membership, and in preparation for postwar expansion, the National Association of Bank Auditors and Comptrollers will, on March 1, establish its headquarters office in Chicago. It will be transferred from Cleveland where it has been located during the past five years. It is believed the new headquarters in Chicago will provide national office facilities centrally located and easily accessible to each member bank. The office will be located in the First National Bank Building.

The organization is presently represented throughout the country with 50 organized Conferences, and one inactive Conference in Manila, Philippine Islands. It is certain, says the Association, that when the war is ended and normal travel conditions prevail, a number of new organized Conferences will result from the present large increase of Associate Members who will then desire to receive the additional advantage available to Conference members.

The headquarters office was opened in Cleveland Jan. 1, 1940, when Darrell R. Cochard, formerly with The Cleveland Trust Company as Corporate Trust Auditor, became N.A.B.A.C.'s first full time Managing Editor of "National Auditgram," the Association's official publication. Mr. Cochard is presently Assistant Secretary and Managing Editor, having been appointed Assistant Secretary at the last annual meeting. Mr. Cochard will move to Chicago with the headquarters office on March 1. Prior to Jan. 1, 1940, "National Auditgram" was edited for five years by A. L. McLean (now deceased), formerly Auditor, Society for Savings in Cleveland. For the first ten years, 1924-1934, the Editor was A. H. Laning, now Vice-President and Cashier, Federal Reserve Bank of Cleveland.

The Association's President is John C. Shea, Assistant Vice-President, Whitney National Bank, New Orleans, La. Other officers are: First Vice-President—Ben N. Jenkins, Assistant Vice-President, First National Bank & Trust Co., Oklahoma City, Okla.; Second Vice-President — Arthur R. Burbett, Comptroller, First National Bank, Baltimore, Md.; Secretary—Mills B. Lane, Jr., First Vice-President, Citizens & Southern National Bank, Atlanta, Ga.; Treasurer—Paul D. Williams, Comptroller, Corn Exchange National Bank & Trust Co., Philadelphia, Pa.

# Weekly Coal and Coke Production Statistics

The Solid Fuels Administration, U. S. Department of the Interior, in its latest report, states that the total production of soft coal in the week ended Feb. 10, 1945, is estimated at 12,185,000 net tons, an increase of 895,000 tons, or 7.9%, over the preceding week. Output in the corresponding week of 1944 amounted to 12,950,000 net tons. For the calendar year to Feb. 10, 1945, soft coal production totaled 69,840,000 tons, a decrease of 9.9% when compared with the 77,510,000 tons produced in the calendar year to Feb. 12, 1944.

According to the U. S. Bureau of Mines, production of Pennsylvania anthracite for the week ended Feb. 10, 1945, was estimated at 1,117,000 tons, an increase of 275,000 tons (32.7%) over the preceding week. When compared with the output in the corresponding week of 1944 there was a decrease of 307,000 tons, or 21.6%. The calendar year to date amounted to 5,832,000 tons, as against 7,512,000 tons in the corresponding period in 1944.

The Bureau also reported that the estimated production of beehive coke in the United States for the week ended Feb. 10, 1945, showed an increase of 20,600 tons when compared with the output for the week ended Feb. 3, 1945, but was 37,200 tons less than for the corresponding week of 1944.

ESTIMATED UNITED STATES PRODUCTION OF BITUMINOUS COAL AND LIGNITE IN NET TONS

| | Week Ended | | | Jan. 1 to Date | |
|---|---|---|---|---|---|
| Bituminous coal & lignite— | Feb. 10, 1945 | †Feb. 3, 1945 | Feb. 12, 1944 | ‡Feb. 10, 1945 | Feb. 12, 1944 |
| Total, including mine fuel | 12,185,000 | 11,290,000 | 12,950,000 | 69,840,000 | 77,510,000 |
| Daily average | *2,031,000 | 1,882,000 | 2,158,000 | 1,962,000 | 2,112,000 |

*Average based on six working days, although some coal was mined on Sunday, Feb. 4, in Coal Act Districts 7 and 8. †Revised. ‡Subject to current adjustment.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND COKE

(In Net Tons)

| | Week Ended | | | Calendar Year to Date | | |
|---|---|---|---|---|---|---|
| Penn. anthracite— | ‡Feb. 10, 1945 | §Feb. 3, 1945 | Feb. 12, 1944 | Feb. 10, 1945 | Feb. 12, 1944 | Feb. 13, 1937 |
| *Total incl. coll. fuel | 1,117,000 | 842,000 | 1,424,000 | 5,832,000 | 7,512,000 | 6,357,000 |
| †Commercial produc. | 1,072,000 | 808,000 | 1,367,000 | 5,598,000 | 7,212,000 | 6,039,000 |
| Beehive coke— | | | | | | |
| United States total | 119,700 | 99,100 | 156,900 | 602,400 | 985,700 | 409,000 |

*Includes washery and dredge coal, and coal shipped by truck from authorized operations. †Excludes colliery fuel. ‡Subject to revision. §Revised.

ESTIMATED WEEKLY PRODUCTION OF BITUMINOUS COAL AND LIGNITE, BY STATES

(In Net Tons)

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

| | Week Ended | | |
|---|---|---|---|
| State— | Feb. 3, 1945 | Jan. 27, 1945 | Feb. 5, 1944 |
| Alabama | 385,000 | 380,000 | 397,000 |
| Alaska | 7,000 | 7,000 | 5,000 |
| Arkansas and Oklahoma | 106,000 | 112,000 | 102,000 |
| Colorado | 172,000 | 176,000 | 192,000 |
| Georgia and North Carolina | * | 1,000 | 1,000 |
| Illinois | 1,516,000 | 1,518,000 | 1,655,000 |
| Indiana | 572,000 | 550,000 | 590,000 |
| Iowa | 56,000 | 65,000 | 50,000 |
| Kansas and Missouri | 183,000 | 204,000 | 188,000 |
| Kentucky—Eastern | 1,013,000 | 1,080,000 | 1,003,000 |
| Kentucky—Western | 393,000 | 388,000 | 370,000 |
| Maryland | 30,000 | 35,000 | 40,000 |
| Michigan | 2,000 | 3,000 | 8,000 |
| Montana (bitum. & lignite) | 105,000 | 103,000 | 105,000 |
| New Mexico | 31,000 | 35,000 | 39,000 |
| North & South Dakota (lignite) | 67,000 | 72,000 | 51,000 |
| Ohio | 626,000 | 660,000 | 698,000 |
| Pennsylvania (bituminous) | 2,218,000 | 2,340,000 | 3,070,000 |
| Tennessee | 153,000 | 152,000 | 168,000 |
| Texas (bituminous & lignite) | 4,000 | 5,000 | 4,000 |
| Utah | 150,000 | 152,000 | 148,000 |
| Virginia | 395,000 | 410,000 | 423,000 |
| Washington | 31,000 | 31,000 | 35,000 |
| †West Virginia—Southern | 2,124,000 | 2,267,000 | 2,278,000 |
| ‡West Virginia—Northern | 757,000 | 715,000 | 1,020,000 |
| Wyoming | 194,000 | 218,000 | 209,000 |
| §Other Western States | * | 1,000 | 1,000 |
| Total bituminous & lignite | 11,290,000 | 11,680,000 | 12,850,000 |

†Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason, and Clay counties. ‡Rest of State, including the Panhandle District and Grant, Mineral and Tucker counties. §Includes Arizona and Oregon. *Less than 1,000 tons.

# President Roosevelt In Message to Osmena Says Americans Rejoice in Liberation of Manila

Conveying to President Osmena of the Philippines, a message with the return of the American forces to Manila, President Roosevelt declared that "the American people rejoice with me in the liberation of your capital." Referring to the "magnificent strides toward freedom of our forces and those of the Philippines at Leyte, Mindoro, Lingayen Gulf, and now Manila," the President called upon "the Japanese and other enemies of peaceful nations" to take warning that "their world of treachery, aggression and enslavement cannot survive against our world of freedom and peace." The President's message, made public at the White House on Feb. 4, follows:

"The American people rejoice with me in the liberation of your capital.

"After long years of planning our hearts have quickened at the magnificient strides toward freedom that have been made in the last months—at Leyte, Mindoro, Lingayen Gulf and now Manila.

"We are proud of the mighty blows struck by General MacArthur, our sailors, soldiers and airmen; and in their comradeship-in-arms with your loyal and valiant people who in the darkest days have not ceased to fight for their independence. You may be sure that this pride will strengthen our determination to drive the Jap invader from your islands.

"We will join you in that effort—with our armed forces, as rapidly and fully as our efforts against our enemies and our responsibilities to other liberated peoples permit. With God's help we will complete the fulfilment of the pledge we renewed when our men returned to Leyte.

"Let the Japanese and other enemies of peaceful nations take warning from these great events in your country; their world of treachery, aggression and enslavement cannot survive in the struggle against our world of freedom and peace."

The message was made public at the White House, President Roosevelt having at the time been absent incident to his conference with Prime Minister Churchill and Premier Stalin.

# National Fertilizer Association Commodity Price Index Moves in Narrow Range

The weekly wholesale commodity price index, compiled by The National Fertilizer Association and made public on Feb. 19, declined fractionally to 140.0 in the week ending February 17, 1945, from 140.1 in the preceding week. For the past eight weeks the index has been moving in a very narrow range with a low point in that period of 139.9 and a high point of 140.1. A month ago the index was 139.9 and a year ago it stood at 137.4, based on the 1935-1939 average as 100. The Association's report added:

Two of the composite groups of the index declined during the week and one advanced. The food index continued its downward trend and is at its lowest point since October 7, 1944. The seasonal decline in egg prices more than offset the further advance in the prices for potatoes. Higher quotations for cotton and for wheat and rye were not enough to offset the declining prices for cattle, lambs and eggs, with the result that the farm products group declined moderately. The textiles group again advanced because of the higher prices for raw cotton. There was a small advance in the price for phosphate rock mined in Tennessee but this was not enough to change the fertilizer materials index. All other groups in the index remained the same.

During the week 4 price series in the index declined and 5 advanced; in the preceding week there were 4 declines and 7 advances; in the second preceding week there were also 4 declines and 7 advances.

WEEKLY WHOLESALE COMMODITY PRICE INDEX

Compiled by The National Fertilizer Association

1935-1939=100*

| % Each Group Bears to the Total Index | Group | Latest Week Feb. 17, 1945 | Preceding Week Feb. 10, 1945 | Month Ago Jan. 20, 1945 | Year Ago Feb. 19, 1944 |
|---|---|---|---|---|---|
| 25.3 | Food | 142.7 | 142.9 | 143.6 | 139.2 |
| | Fats and Oils | 145.3 | 145.3 | 144.9 | 146.1 |
| | Cottonseed Oil | 163.1 | 163.1 | 161.8 | 159.6 |
| 23.0 | Farm Products | 164.6 | 165.0 | 164.5 | 157.4 |
| | Cotton | 205.8 | 203.4 | 206.4 | 198.5 |
| | Grains | 162.9 | 162.7 | 159.0 | 164.8 |
| | Livestock | 158.8 | 159.9 | 159.6 | 148.4 |
| 17.3 | Fuels | 130.4 | 130.4 | 130.4 | 130.1 |
| 10.8 | Miscellaneous Commodities | 133.4 | 133.4 | 133.4 | 131.4 |
| 8.2 | Textiles | 155.9 | 155.5 | 156.0 | 151.7 |
| 7.1 | Metals | 106.4 | 106.4 | 106.4 | 104.4 |
| 6.1 | Building Materials | 154.1 | 154.1 | 154.2 | 152.4 |
| 1.3 | Chemicals and Drugs | 125.4 | 125.4 | 125.4 | 127.7 |
| .3 | Fertilizer Materials | 118.3 | 118.3 | 118.3 | 117.7 |
| .3 | Fertilizers | 119.9 | 119.9 | 119.9 | 119.7 |
| .3 | Farm Machinery | 104.8 | 104.8 | 104.8 | 104.2 |
| 100.0 | All groups combined | 140.0 | 140.1 | 139.9 | 137.4 |

*Indexes on 1926-1928 base were: Feb. 17, 1945, 109.1; Feb. 10, 1945, 109.1; and Feb. 19, 1944, 107.0.

# Moody's Bond Prices And Bond Yield Averages

Moody's computed bond prices and bond yield averages are given in the following table.

MOODY'S BOND PRICES†

(Based on Average Yields)

| 1945— Daily Averages | U. S. Govt. Bonds | Avge. Corporate* | Corporate by Ratings* Aaa | Aa | A | Baa | Corporate by Groups* R. R. | P. U. | Indus |
|---|---|---|---|---|---|---|---|---|---|
| Feb. 20 | 121.87 | 114.46 | 120.02 | 118.60 | 114.46 | 105.86 | 110.34 | 114.08 | 119.41 |
| 19 | 121.94 | 114.46 | 120.02 | 118.60 | 114.27 | 105.86 | 110.34 | 114.27 | 119.20 |
| 17 | 121.93 | 114.46 | 120.02 | 118.60 | 114.27 | 105.86 | 110.15 | 114.08 | 119.41 |
| 16 | 121.97 | 114.46 | 120.02 | 118.60 | 114.27 | 105.69 | 110.15 | 114.08 | 119.41 |
| 15 | 121.97 | 114.46 | 120.02 | 118.60 | 114.27 | 105.86 | 110.15 | 114.08 | 119.41 |
| 14 | 121.70 | 114.27 | 120.02 | 118.40 | 114.27 | 105.69 | 110.15 | 114.08 | 119.20 |
| 13 | 121.64 | 114.27 | 120.02 | 118.40 | 114.08 | 105.69 | 109.97 | 114.08 | 119.20 |
| 12 | Stock Exchange Closed. | | | | | | | | |
| 10 | 121.59 | 114.27 | 119.82 | 118.40 | 114.08 | 105.69 | 109.97 | 114.08 | 119.20 |
| 9 | 121.58 | 114.27 | 119.82 | 118.40 | 114.08 | 105.69 | 109.97 | 114.08 | 119.20 |
| 8 | 121.55 | 114.27 | 119.82 | 118.40 | 114.08 | 105.52 | 109.97 | 114.08 | 119.20 |
| 7 | 121.53 | 114.08 | 119.61 | 118.20 | 114.08 | 105.52 | 109.79 | 113.89 | 118.80 |
| 6 | 121.44 | 114.08 | 119.82 | 118.20 | 113.89 | 105.52 | 109.79 | 114.08 | 118.80 |
| 5 | 121.44 | 114.08 | 119.82 | 118.00 | 113.89 | 105.52 | 109.79 | 113.89 | 118.80 |
| 3 | 121.37 | 114.08 | 119.82 | 118.20 | 113.89 | 105.34 | 109.60 | 114.08 | 118.80 |
| 2 | 121.33 | 114.08 | 119.82 | 118.00 | 113.89 | 105.34 | 109.60 | 114.08 | 118.80 |
| 1 | 121.11 | 113.89 | 119.61 | 118.00 | 113.70 | 105.34 | 109.42 | 113.89 | 118.80 |
| Jan. 26 | 120.88 | 113.89 | 119.41 | 118.00 | 113.70 | 105.17 | 109.24 | 113.89 | 118.60 |
| 19 | 121.09 | 113.70 | 119.20 | 118.00 | 113.70 | 105.00 | 108.88 | 113.70 | 118.60 |
| 12 | 121.25 | 113.70 | 119.00 | 118.00 | 113.50 | 104.83 | 109.06 | 113.70 | 118.40 |
| 5 | 120.66 | 113,50 | 119,00 | 117.80 | 113.50 | 104.66 | 108.70 | 113.89 | 118.20 |
| High 1945 | 121.97 | 114.46 | 120.02 | 118.60 | 114.46 | 105.86 | 110.34 | 114.27 | 119.41 |
| Low 1945 | 120.55 | 113.50 | 118.80 | 117.80 | 113.31 | 104.48 | 108.52 | 113.70 | 118.20 |
| 1 Year Ago | | | | | | | | | |
| Feb. 19, 1944 | 119.96 | 100.49 | 118.20 | 116.41 | 111.07 | 100.49 | 104.31 | 113.50 | 116.41 |
| 2 Years Ago | | | | | | | | | |
| Feb. 20, 1943 | 117.11 | 109.06 | 117.60 | 115.43 | 110.15 | 95.01 | 99.68 | 112.93 | 115.13 |

MOODY'S BOND YIELD AVERAGES

(Based on Individual Closing Prices)

| 1945— Daily Averages | U. S. Govt. Bonds | Avge. Corporate* | Corporate by Ratings* Aaa | Aa | A | Baa | Corporate by Groups* R. R. | P. U. | Indus. |
|---|---|---|---|---|---|---|---|---|---|
| Feb. 20 | 1.70 | 2.93 | 2.65 | 2.72 | 2.93 | 3.40 | 3.15 | 2.95 | 2.68 |
| 19 | 1.60 | 2.93 | 2.65 | 2.72 | 2.94 | 3.40 | 3.15 | 2.94 | 2.69 |
| 17 | 1.69 | 2.93 | 2.65 | 2.72 | 2.94 | 3.40 | 3.16 | 2.95 | 2.68 |
| 16 | 1.69 | 2.93 | 2.65 | 2.72 | 2.94 | 3.41 | 3.16 | 2.95 | 2.68 |
| 15 | 1.71 | 2.93 | 2.65 | 2.72 | 2.94 | 3.40 | 3.16 | 2.95 | 2.68 |
| 14 | 1.71 | 2.94 | 2.65 | 2.73 | 2.94 | 3.41 | 3.16 | 2.95 | 2.69 |
| 13 | 1.72 | 2.94 | 2.65 | 2.73 | 2.95 | 3.41 | 3.17 | 2.95 | 2.69 |
| 12 | Stock Exchange Closed. | | | | | | | | |
| 10 | 1.72 | 2.94 | 2.66 | 2.73 | 2.95 | 3.41 | 3.17 | 2.95 | 2.69 |
| 9 | 1.72 | 2.94 | 2.66 | 2.73 | 2.95 | 3.41 | 3.17 | 2.95 | 2.69 |
| 8 | 1.72 | 2.94 | 2.66 | 2.73 | 2.95 | 3.42 | 3.17 | 2.95 | 2.69 |
| 7 | 1.72 | 2.95 | 2.67 | 2.74 | 2.95 | 3.42 | 3.18 | 2.96 | 2.71 |
| 6 | 1.73 | 2.95 | 2.66 | 2.74 | 2.96 | 3.42 | 3.18 | 2.95 | 2.71 |
| 5 | 1.73 | 2.95 | 2.66 | 2.75 | 2.96 | 3.42 | 3.18 | 2.96 | 2.71 |
| 3 | 1.73 | 2.95 | 2.66 | 2.74 | 2.96 | 3.43 | 3.19 | 2.95 | 2.71 |
| 2 | 1.73 | 2.95 | 2.66 | 2.75 | 2.96 | 3.43 | 3.19 | 2.95 | 2.71 |
| 1 | 1.75 | 2.96 | 2.67 | 2.75 | 2.97 | 3.43 | 3.20 | 2.96 | 2.71 |
| Jan. 26 | 1.77 | 2.96 | 2.68 | 2.75 | 2.97 | 3.44 | 3.21 | 2.96 | 2.72 |
| 19 | 1.75 | 2.97 | 2.69 | 2.75 | 2.97 | 3.45 | 3.23 | 2.97 | 2.72 |
| 12 | 1.74 | 2.97 | 2.70 | 2.75 | 2.98 | 3.46 | 3.22 | 2.97 | 2.73 |
| 5 | 1.79 | 2.98 | 2.70 | 2.76 | 2.98 | 3.47 | 3.24 | 2.96 | 2.74 |
| High 1945 | 1.80 | 2.98 | 2.71 | 2.76 | 2.99 | 3.48 | 3.25 | 2.97 | 2.74 |
| Low 1945 | 1.69 | 2.93 | 2.65 | 2.72 | 2.93 | 3.40 | 3.16 | 2.95 | 2.68 |
| 1 Year Ago | | | | | | | | | |
| Feb. 19, 1944 | 1.83 | 3.72 | 2.74 | 2.83 | 3.11 | 3.72 | 3.49 | 2.98 | 2.83 |
| 2 Years Ago | | | | | | | | | |
| Feb. 20, 1943 | 2.06 | 3.22 | 2.77 | 2.88 | 3.16 | 4.07 | 3.77 | 3.01 | 2.88 |

*These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages, the latter being the true picture of the bond market.

†The latest complete list of bonds used in computing these indexes was published in the issue of Jan. 14, 1943, page 202.

## Business Failures in Jan.

Business failures in January were lower in number but higher in amount of liabilities involved than in December and, when compared with January a year ago, the same is true. Business insolvencies in January, according to Dun & Bradstreet, Inc., totaled 80 and involved $5,883,000 liabilities, as compared with 93 in December, involving $1,804,000 liabilities and 120 involving $1,708,000 in January a year ago.

The commercial service group was the only group showing more failures in January than in December. When the amount of liabilities is considered, the wholesale and retail groups were the only groups reporting less liabilities in January than in December.

Manufacturing failures in January numbered 34, involving $2,128,000 liabilities, compared with 36 in December with $1,076,000 liabilities. Wholesale failures numbered two against 11 in December and liabilities were $24,000 against $235,000 in December. In the retail trade section insolvencies decreased to 26 from 36 and liabilities to $254,000 from $385,000. Construction failures numbered 10 in January with $855,000 liabilities, as against four in December with $41,000 liabilities. Commercial service failures rose to eight with $2,622,000 liabilities in January from six with $67,000 liabilities in December.

When the country is divided into Federal Reserve districts it is found that the Richmond, St. Louis, Minneapolis and San Francisco Reserve districts had more failures in January than in December; the Atlanta and Chicago Reserve districts had the same number, while the remaining districts had fewer failure in January than in December. When the amount of liabilities is considered, it is found that the Philadelphia, New York and Kansas City reserve districts had less liabilities involved in January than in December, while the remaining districts had more liabilities involved.

## Hart Succeeds Maloney As U. S. Senator From Connecticut

Admiral Thomas C. Hart, Republican, was sworn in on Feb. 15 as United States Senator from Connecticut, filling the post left vacant by the death on Jan. 12 of Francis T. Maloney, a Democrat. Admiral Hart, who retired from the Navy on Feb. 14, will serve as Senator until November, 1946. He received the appointment from Gov. Raymond E. Baldwin on Feb. 8. (Reference to Mr. Maloney's death appeared in our issue of February 19, page 816.)

## Higgins Class B Director of Phila. Reserve Bank

The election of Charles A. Higgins as a Class B director of the Philadelphia Federal Reserve Bank was announced on Feb. 9. He will fill the unexpired term of the late Henry L. Cannon, which ends Dec. 31, 1947. Mr. Higgins is President of the Hercules Power Co. of Wilmington, Del.

# Moody's Daily Commodity Index

| | |
|---|---|
| Tuesday, Feb. 13, 1945 | 254.4 |
| Wednesday, Feb. 14 | 254.4 |
| Thursday, Feb. 15 | 254.6 |
| Friday, Feb. 16 | 254.8 |
| Saturday, Feb. 17 | 254.5 |
| Monday, Feb. 19 | 254.6 |
| Tuesday, Feb. 20 | 254.7 |
| Two weeks ago, Feb. 6 | 254.0 |
| Month ago, Jan. 20 | 253.0 |
| Year ago, Feb. 19, 1944 | 249.4 |
| 1943 High, April 1 | 249.8 |
| Low, Jan. 2 | 240.2 |
| 1944 High, Jan. 8 | 255.3 |
| Low, Jan. 24 | 252.1 |

# Civil Engineering Construction $43,908,000 for Week—Gains Over Last Week and 1944 Week

Civil engineering construction volume for the week in continental United States totals $43,908,000. This volume, not including the construction by military engineers abroad, American contracts outside the country, and shipbuilding, is 113% above the preceding week's total, 18% higher than in the corresponding 1944 week, and 72% higher than the previous four-week moving average as reported to "Engineering News-Record." The report made public on Feb. 15, continued as follows:

Public construction for the week tops last week by 239%, and is 17% above the week last year. Private work is down 64% compared with a week ago, but is 36% higher than a year ago. Federal construction is 306 and 16% higher, respectively, than in the preceding week and the 1944 week, and is primarily responsible for the public gain.

The current week's construction brings 1945 volume to $181,408,000 for the seven weeks, a decrease of 28% from the $252,235,000 reported for the 1944 period. Private work, $51,454,000, is 2% above a year ago, but public construction, $129,954,000, is down 36% due to the 43% decline in Federal construction. State and municipal volume, $21,421,000, is 71% higher than in the seven-week 1944 period.

Civil engineering construction volumes for the 1944 week, last week, and the current week are:

| | Feb. 17, 1944 | Feb. 8, 1945 | Feb. 15, 1945 |
|---|---|---|---|
| Total U. S. Construction | $37,043,000 | $20,591,000 | $43,908,000 |
| Private Construction | 2,293,000 | 8,569,000 | 3,120,000 |
| Public Construction | 34,750,000 | 12,022,000 | 40,788,000 |
| State and Municipal | 1,219,000 | 2,451,000 | 1,943,000 |
| Federal | 33,531,000 | 9,571,000 | 38,845,000 |

In the classified construction groups, gains over last week are in waterworks, public buildings, and earthwork and drainage. Gains over their respective 1944-week totals are reported in waterworks, industrial and public buildings, and earthwork and drainage. Subtotals for the week in each class of construction are: waterworks, $1,351,000; sewerage, $40,000; bridges, $25,000; industrial buildings, $1,891,000; commercial building and large-scale private housing, $1,098,000; public buildings, $33,662,000; earthwork and drainage, $1,766,000; streets and roads, $650,000; and unclassified construction, $3,425,000.

New capital for construction purposes for the week totals $1,670,000. It is made up of $1,420,000 in State and municipal bond sales, and $250,000 in corporate security issues. The week's new construction financing brings 1945 volume to $190,693,000, a total 22% above the $155,824,000 reported for the seven-week 1944 period.

# Electric Output for Week Ended Feb. 17, 1945 Decreased 0.9% Below Same Week Last Year

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended Feb. 17, 1945, was approximately 4,472,298,000 kwh., which compares with 4,511,562,000 kwh. in the corresponding week a year ago, and 4,505,269,000 kwh. in the week ended Feb. 3, 1945. The output of the week ended Feb. 17, 1945, was 0.9% below that in the same week last year.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

| | Week Ended | | | |
|---|---|---|---|---|
| Major Geographical Divisions— | Feb. 17 | Feb. 10 | Feb. 3 | Jan. 27 |
| New England | *0.0 | *1.9 | 2.3 | 1.8 |
| Middle Atlantic | *4.0 | *3.7 | *2.0 | *0.2 |
| Central Industrial | 1.5 | 1.6 | 2.2 | 4.1 |
| West Central | 6.0 | 9.2 | 8.4 | 9.8 |
| Southern States | 5.1 | 4.9 | 5.6 | 6.4 |
| Rocky Mountain | *11.9 | *11.5 | *10.8 | *12.6 |
| Pacific Coast | *5.5 | *4.5 | *2.5 | *5.4 |
| Total United States | *0.9 | *0.6 | 0.3 | 1.2 |

*Decrease under similar week in previous year.

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

| Week Ended— | 1944 | 1943 | % Change over 1943 | 1942 | 1932 | 1929 |
|---|---|---|---|---|---|---|
| Nov. 4 | 4,354,939 | 4,413,863 | — 1.3 | 3,761,961 | 1,520,730 | 1,798,164 |
| Nov. 11 | 4,396,595 | 4,482,665 | — 1.9 | 3,775,878 | 1,531,584 | 1,793,584 |
| Nov. 18 | 4,450,047 | 4,513,299 | — 1.4 | 3,795,361 | 1,475,268 | 1,818,169 |
| Nov. 25 | 4,368,519 | 4,403,342 | — 0.8 | 3,766,381 | 1,510,337 | 1,718,002 |
| Dec. 2 | 4,524,257 | 4,560,158 | — 0.8 | 3,883,534 | 1,518,922 | 1,806,225 |
| Dec. 9 | 4,538,012 | 4,566,905 | — 0.6 | 3,937,524 | 1,563,384 | 1,840,863 |
| Dec. 16 | 4,563,079 | 4,612,994 | — 1.1 | 3,975,873 | 1,554,473 | 1,860,021 |
| Dec. 23 | 4,616,975 | 4,295,010 | -- | 3,655,926 | 1,414,710 | 1,637,683 |
| Dec. 30 | 4,225,814 | 4,337,287 | — 2.6 | 3,779,993 | 1,619,265 | 1,542,000 |

| Week Ended— | 1945 | 1944 | % Change over 1944 | 1943 | 1932 | 1929 |
|---|---|---|---|---|---|---|
| Jan. 6 | 4,427,281 | 4,567,959 | -- | 3,952,587 | 1,602,482 | 1,733,810 |
| Jan. 13 | 4,614,334 | 4,539,083 | + 1.7 | 3,952,479 | 1,598,201 | 1,736,721 |
| Jan. 20 | 4,588,214 | 4,531,662 | + 1.2 | 3,974,202 | 1,588,967 | 1,717,315 |
| Jan. 27 | 4,576,713 | 4,523,763 | + 1.2 | 3,976,844 | 1,588,853 | 1,728,203 |
| Feb. 3 | 4,538,552 | 4,524,134 | + 0.3 | 3,960,242 | 1,578,817 | 1,726,161 |
| Feb. 10 | 4,505,269 | 4,532,730 | — 0.6 | 3,939,708 | 1,545,459 | 1,718,304 |
| Feb. 17 | 4,472,298 | 4,511,562 | — 0.9 | 3,948,749 | 1,512,158 | 1,699,250 |
| Feb. 24 | | 4,444,939 | | 3,892,796 | 1,519,679 | 1,706,719 |

**Note**—Because the same week a year ago contained the New Year holiday, no percentage comparison is available for the week ended Jan. 6.

# Wholesale Prices for Week Ended Feb. 10 At New Peak

"Seasonally higher prices for fruits and vegetables—particularly oranges, apples, onions and potatoes—together with fairly substantial increases in the livestock and poultry markets brought the Bureau of Labor Statistics' index of commodity prices in primary markets up 0.2% to a new wartime peak," the U. S. Department of Labor reported on Feb. 10, which stated that "the level for the week was 0.2% above four weeks ago and was 104.9% of the 1926 average. It was 1.7% higher than at the same time last year." The Department further said:

"**Farm Products and Foods**—Average prices of farm products at the primary market level advanced 0.9% during the week. Increases of from about 1% to 3% were reported in prices for potatoes at New York and for rye, cotton, cows, sheep and live poultry. Apples at Portland, Ore., advanced 8.7%, sweet potatoes rose 12%, onions over 13% and oranges more than 36%. Eggs and lemons declined seasonally, and apples at New York and white potatoes at Chicago dropped nearly 2%. Since the middle of January, average prices for farm products have advanced 0.4% to a level 4% higher than at this time last year.

"Led by the seasonal advance in prices for fresh fruits and vegetables, together with higher quotations for dressed poultry at New York and for rye flour, average prices for foods in primary markets rose 0.6% during the week. Aside from the declines for eggs, lemons, apples at New York and white potatoes at Chicago, there were no important decreases in food prices. The food index has risen 0.2% since the middle of last month and was nearly 1% higher than a year ago.

"**Industrial Commodities**—Industrial commodity markets were relatively steady during the week ended Feb. 10. Quotations for shearlings rose 2.7%. A further decline occurred in prices for mercury when it was rumored that metal from Spain would again be offered in the United States. Turpentine advanced 1.2% and minor fluctuations were reported in prices for Western pine lumber and maple floorings. Slightly higher prices were also reported for certain soap products."

The Labor Department included the following notation in its report:

**Note**—During the period of rapid changes caused by price controls, materials allocation, and rationing, the Bureau of Labor Statistics will attempt promptly to report changing prices. The indexes must be considered as preliminary and subject to such adjustment and revisions as required by later and more complete reports.

The following tables show: (1) index numbers for the principal groups of commodities for the past three weeks, for Jan. 13, 1945 and Feb. 12, 1944, and the percentage changes from a week ago, a month ago, and a year ago, and (2) percentage changes in subgroup indexes from Feb. 3, 1945 to Feb. 10, 1945:

WHOLESALE PRICES FOR WEEK ENDED FEB. 10, 1945

(1926=100)

| | | | | | | Percentage change to Feb. 10, 1945 from— | | |
|---|---|---|---|---|---|---|---|---|
| Commodity Groups— | 2-10 1945 | 2-3 1945 | 1-27 1945 | 1-13 1945 | 2-12 1944 | 2-3 1945 | 1-13 1945 | 2-12 1944 |
| **All commodities** | 104.9 | 104.7 | 104.7 | 104.7 | 103.1 | +0.2 | +0.2 | + 1.7 |
| Farm products | 126.8 | 125.7 | 125.8 | 126.3 | 121.9 | +0.9 | +0.4 | + 4.0 |
| Foods | 104.9 | 104.3 | 104.4 | 104.7 | 104.0 | +0.6 | +0.2 | + 0.9 |
| Hides and leather products | 118.0 | 117.9 | 117.9 | 117.9 | 117.8 | +0.1 | +0.1 | + 0.2 |
| Textile products | 99.1 | 99.1 | 99.0 | 99.0 | 97.2 | 0 | +0.1 | + 2.0 |
| Fuel and lighting materials | 84.0 | 84.0 | 83.9 | 83.9 | 83.5 | 0 | +0.1 | + 0.6 |
| Metals and metal products | 104.2 | 104.2 | 104.3 | 104.0 | 103.8 | 0 | +0.2 | + 0.4 |
| Building materials | 116.7 | 116.7 | 116.7 | 116.4 | 113.7 | 0 | +0.3 | + 2.6 |
| Chemicals and allied products | 94.9 | 94.9 | 94.9 | 94.9 | 95.1 | 0 | 0 | — 0.2 |
| Housefurnishing goods | 106.2 | 106.2 | 106.1 | 106.1 | 104.4 | 0 | +0.1 | + 1.7 |
| Miscellaneous commodities | 94.1 | 94.1 | 94.0 | 94.0 | 93.0 | 0 | +0.1 | + 1.2 |
| Raw materials | 116.0 | 115.3 | 115.3 | 115.6 | 112.4 | +0.6 | +0.3 | + 3.2 |
| Semimanufactured articles | 94.8 | 94.8 | 94.8 | 94.7 | 93.2 | 0 | +0.1 | + 1.7 |
| Manufactured products | 101.6 | 101.6 | 101.6 | 101.4 | 100.6 | 0 | +0.2 | + 1.0 |
| All commodities other than farm products | 100.1 | 100.1 | 100.0 | 99.9 | 99.1 | 0 | +0.2 | + 1.0 |
| All commodities other than farm products and foods | 99.3 | 99.3 | 99.3 | 99.2 | 98.1 | 0 | +0.1 | + 1.2 |

PERCENTAGE CHANGES IN SUBGROUP INDEXES FROM FEB. 3, 1945 TO FEB. 10, 1945

Increases

| | | | |
|---|---|---|---|
| Fruits and vegetables | 4.1 | Hides and skins | 0.6 |
| Other farm products | 1.4 | Grains | 0.2 |
| Livestock and poultry | 0.7 | Meats | 0.1 |
| Paint and paint materials | 0.1 | | |

Decreases

| | |
|---|---|
| Other foods | 0.3 |

# Non-Ferrous Metals — Demand for Copper and Zinc Active — Spanish Quicksilver Sold Here

"E. & M. J. Metal and Mineral Markets," in its issue of Feb. 15, states: "Demand for both copper and zinc continued at top levels throughout the week, notwithstanding favorable war developments. January copper deliveries turned out to be smaller than estimated, but this was attributed solely to manpower shortages and transportation difficulties. Producers had requests for at least 160,000 tons of copper for January delivery. Zinc deliveries established a new high in the first month of the year. Lead consumers are regulating their buying to a greater extent, conforming with WPB regulations. Quicksilver was unsettled on offerings of substantial quantities at lower prices for shipment from Spain." The publication further went on to say in part as follows:

### Copper

Manpower shortages and transportation difficulties combined to retard production and make for smaller deliveries of copper in January than earlier estimates indicated. [See "Commercial and Financial Chronicle" of Feb. 15, 1945, page 757—Ed.]

Production of alloyed and unalloyed brass-mill products in December amounted to 199,180 tons against 192,743 tons in November, according to the Copper Division. WPB Production of brass-mill products in 1944 totaled 2,506,600 tons, against 2,805,013 tons in 1943. Plate, sheet, and strip accounted for 1,636,464 tons of the 1944 total, and 1,997,409 tons in the previous year.

### Lead

Though demand for lead remains fairly active, some sellers report that buying has not been as brisk as in recent months. The lead restrictions and inventory regulations are beginning to exert an influence on the market, authorities believe. March requests for lead are expected to fall below both January and February. Consumers, it is felt, now have a better understanding of the supply situation and realize that WPB means business in controlling consumption. The stockpile has been reduced to around 75,000 tons.

WPB placed collapsible tubes, storage batteries, and foil on the list of items now under import control, by amending Order M-63.

Sales of lead for the last week amounted to 6,712 tons, against 12,366 tons in the preceding week.

### Zinc

Demand for zinc continued active throughout the week.

Shipments of slab zinc in January amounted to 92,804 tons, the largest on record. Included in this total were 2,504 tons for export. The previous monthly high in shipments was 84,431 tons in March, 1944. The rate of production for January showed a modest gain, averaging 2,274 tons daily, against 2,259 tons daily in December, the American Zinc Institute reports. The daily average for 1944 was 2,463 tons.

With shipments substantially higher than production, stocks were reduced 22,312 tons, totaling 215,208 tons at the end of January. The peak in stocks in the Institute's compilation was 246,217 tons (revised) at the end of November last year.

The December and January slab zinc statistics, in tons, are summarized as follows:

| | Jan. | *Dec. |
|---|---|---|
| Stock at beginning | 237,520 | 246,217 |
| Production | 70,492 | 70,035 |
| Shipments: | | |
| Domestic | 90,300 | 78,710 |
| Export | 2,504 | 22 |
| | 92,804 | 78,732 |
| Stock at end | 215,208 | 237,520 |
| Unfilled orders | 27,546 | 21,332 |

*Revised.

Totals covering production, shipments, and stock on hand for 1944 were revised as follows: Production, 901,332 tons; shipments, 837,322 tons; stock at end, 237,520 tons.

### Vanadium

Production of vanadium in the United States in 1944, mine shipments) amounted to about 3,500,000 lb., according to an estimate by the Bureau of Mines. Mine shipments contained 5,586,492 lb. of vanadium in 1943; 4,429,130 lb. in 1942; and 2,512,051 lb. in 1941. The ore-purchasing program of the government was reduced appreciably during the last year, which accounts for the drop in production.

### Aluminum

Production of primary aluminum in November amounted to 88,900,000 lb., against 96,800,000 lb. in October, WPB reports. Production of secondary aluminum in November was 48,000,000 lb., against 43,400,000 lb. in October.

### Tin

Details of the agreement to purchase Bolivian tin concentrates on the basis of 63½¢ per pound of tin contained have been completed. The settlement terms have been amended to encourage producers to ship better than 18% material. Patino is expected to ship a fairly large tonnage to the Texas smelter this year, according to trade authorities, thereby increasing our supply of high grade concentrate.

Straits quality tin continues at 52¢ per pound, with shipment prices nominally as follows:

| | Feb. | March | April |
|---|---|---|---|
| February 8 | 52.000 | 52.000 | 52.000 |
| February 9 | 52.000 | 52.000 | 52.000 |
| February 10 | 52.000 | 52.000 | 52.000 |
| February 12 | | Holiday | |
| February 13 | 52.000 | 52.000 | 52.000 |
| February 14 | 52.000 | 52.000 | 52.000 |

Chinese, or 99% tin, continued at 51.125¢ per pound.

### Quicksilver

The market for quicksilver was upset last week by an announcement on Feb. 8 to the effect that Mercurio Europeo, the marketing agency of European producers, is offering Spanish metal for shipment on the basis of $160 per flask, New York, duty paid. Metal Traders, Inc., were named sales agents. Later in the week it was reported that Spanish metal sold, in quantity, for March shipment at $155, subject to availability of steamer space. Metal is expected to arrive early in April.

This news unsettled quotations and business was placed at prices ranging from $165 to $170 per flask. Most producers decided to do nothing pending developments, largely because they refused to believe that Spain could arrange for regular shipments under existing conditions. Spanish supplies, however, are known to be large.

The Bureau of Mines statistics for December furnished another surprise. Consumption in that month was reported as unchanged at 3,900 flasks. Some observers regard that figure as entirely too low. An increase in stocks resulted from importations as well as withdrawals from the stockpile.

### Silver

The London market last week was unchanged at 25½d. The New York Official for foreign silver was unchanged at 44¾¢, with domestic at 70⅝¢.

# Daily Average Crude Oil Production for Week Ended Feb. 10, 1945, Increased 5,400 Barrels

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended Feb. 10, 1945, was 4,728,800 barrels, an increase of 5,400 barrels over the preceding week, and a gain of 329,650 barrels over the corresponding week of last year. The current figure, however, was 28,000 barrels below the daily average figure recommended by the Petroleum Administration for War for the month of February, 1945. Daily production for the four weeks ended Feb. 10, 1945, averaged 4,728,250 barrels. Further details as reported by the Institute follow:

Reports received from refining companies indicate that the industry as a whole ran to stills on a Bureau of Mines basis approximately 4,770,000 barrels of crude oil daily and produced 14,996,000 barrels of gasoline; 1,563,000 barrels of kerosine; 4,565,000 barrels of distillate fuel, and 9,237,000 barrels of residual fuel oil during the week ended Feb. 10, 1945; and had in storage at the end of that week 47,882,000 barrels of civilian grade gasoline; 44,573,000 barrels of military and other gasoline; 7,896,000 barrels of kerosine; 30,544,000 barrels of distillate fuel, and 48,845,000 barrels of residual fuel oil.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

| | •P. A. W. Recommendations February | •State Allowables Begin. Feb. 1 | Actual Production Week Ended Feb. 10, 1945 | Change from Previous Week | 4 Weeks Ended Feb. 10, 1945 | Week Ended Feb. 12, 1944 |
|---|---|---|---|---|---|---|
| Oklahoma | 360,000 | 360,500 | †363,550 | — 250 | 362,950 | 327,200 |
| Kansas | 274,000 | 269,400 | †252,800 | — 4,600 | 263,500 | 281,750 |
| Nebraska | 1,000 | ---- | †950 | ---- | 950 | 1,100 |
| Panhandle Texas | | | 88,700 | ---- | 88,700 | 102,000 |
| North Texas | | | 143,150 | ---- | 143,150 | 139,950 |
| West Texas | | | 478,600 | ---- | 478,600 | 362,000 |
| East Central Texas | | | 144,050 | ---- | 144,050 | 110,250 |
| East Texas | | | 392,000 | — 8,700 | 391,050 | 390,600 |
| Southwest Texas | | | 342,350 | ---- | 342,350 | 288,250 |
| Coastal Texas | | | 552,600 | ---- | 552,600 | 516,600 |
| Total Texas | 2,140,000 | ‡2,143,749 | 2,141,450 | — 8,700 | 2,140,500 | 1,909,650 |
| North Louisiana | | | 68,250 | — 50 | 68,400 | 77,200 |
| Coastal Louisiana | | | 289,200 | ---- | 289,200 | 283,100 |
| Total Louisiana | 360,000 | 396,800 | 357,450 | — 50 | 357,600 | 360,300 |
| Arkansas | 80,000 | 80,317 | 81,600 | + 50 | 81,550 | 78,800 |
| Mississippi | 53,000 | | 46,800 | — 1,350 | 47,850 | 43,950 |
| Alabama | 300 | | 250 | — 50 | 250 | ---- |
| Florida | ---- | | 50 | ---- | 50 | ---- |
| Illinois | 198,000 | | 205,750 | +11,250 | 199,900 | 203,850 |
| Indiana | 12,000 | | 13,050 | — 150 | 12,850 | 14,350 |
| Eastern—<br>(Not incl. Ill., Ind., Ky.) | 68,200 | | 59,250 | + 1,100 | 59,650 | 69,450 |
| Kentucky | 32,000 | | 30,300 | + 100 | 30,100 | 22,900 |
| Michigan | 47,000 | | 45,250 | — 1,550 | 45,300 | 53,400 |
| Wyoming | 100,000 | | 99,550 | + 4,700 | 98,050 | 98,500 |
| Montana | 23,000 | | 19,650 | ---- | 20,000 | 20,950 |
| Colorado | 9,500 | | 9,550 | + 200 | 9,600 | 8,450 |
| New Mexico | 105,000 | 105,000 | 103,150 | ---- | 103,150 | 113,050 |
| Total East of Calif. | 3,863,000 | | 3,830,400 | + 700 | 3,833,800 | 3,607,650 |
| California | 893,800 | §893,800 | 898,400 | + 4,700 | 894,450 | 791,500 |
| Total United States | 4,756,800 | | 4,728,800 | + 5,400 | 4,728,250 | 4,399,150 |

*P.A.W. recommendations and state allowables, as shown above, represent the productive of crude oil only, and do not include amounts of condensate and natural gas derivatives to be produced.

†Oklahoma, Kansas, Nebraska figures are for week ended 7:00 a.m. Feb. 8, 1945.

‡This is the net basic allowable as of Feb. 1 calculated on a 28-day basis and includes shutdowns and exemptions for the entire month. With the exception of several fields which were exempted entirely and of certain other fields for which shutdowns were ordered for from 2 to 14 days, the entire state was ordered shut down for 6 days, no definite dates during the month being specified; operators only being required to shut down as best suits their operating schedules or labor needed to operate leases, a total equivalent to 6 days shutdown time during the calendar month.

§Recommendation of Conservation Committee of California Oil Producers.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE, GAS OIL AND DISTILLATE FUEL AND RESIDUAL FUEL OIL, WEEK ENDED FEB. 10, 1945

(Figures in thousands of barrels of 42 gallons each)

Figures in this section include reported totals plus an estimate of unreported amounts and are therefore on a Bureau of Mines basis

| District— | % Daily Refining Capacity Reporting | Crude Runs to Stills Daily Average | Crude Runs to Stills % Operated | §Gasoline Production at Ref. Inc. Nat. Blended | ‡Stocks of Gas Oil & Dist. Fuel Oil | ‡Stocks of Residual Fuel oil | Gasoline Stocks Military and Other | Gasoline Stocks Civilian Grade |
|---|---|---|---|---|---|---|---|---|
| East Coast | 100.0 | 741 | 101.6 | 1,927 | 6,173 | 4,983 | 6,675 | 6,126 |
| Appalachian— | | | | | | | | |
| District No. 1 | 83.9 | 96 | 73.8 | 288 | 327 | 245 | 1,321 | 1,387 |
| District No. 2 | 87.2 | 60 | 127.7 | 178 | 156 | 226 | 593 | 987 |
| Ind., Ill., Ky. | 85.2 | 756 | 92.8 | 2,822 | 4,264 | 2,495 | 6,372 | 15,374 |
| Okla., Kans., Mo. | 80.2 | 377 | 90.2 | 1,378 | 1,786 | 1,209 | 2,161 | 6,835 |
| Inland Texas | 66.9 | 235 | 84.5 | 927 | 366 | 667 | 1,131 | 1,758 |
| Texas Gulf Coast | 90.5 | 1,190 | 102.1 | 3,624 | 5,815 | 8,256 | 10,329 | 5,257 |
| Louisiana Gulf Coast | 95.5 | 271 | 112.0 | 1,029 | 1,460 | 1,428 | 2,816 | 2,194 |
| No. La. & Arkansas | 68.0 | 77 | 74.0 | 218 | 805 | 255 | 937 | 2,026 |
| Rocky Mountain— | | | | | | | | |
| District No. 3 | 17.0 | 11 | 84.6 | 36 | 15 | 28 | 15 | 67 |
| District No. 4 | 69.5 | 100 | 69.9 | 379 | 326 | 582 | 578 | 1,345 |
| California | 89.9 | 847 | 103.7 | 2,190 | 9,051 | 28,471 | 11,645 | 4,526 |
| Total U. S. B. of M. basis Feb. 10, 1945 | 87.5 | 4,770 | 97.0 | 14,996 | 30,544 | 48,845 | *44,573 | 47,882 |
| Total U. S. B. of M. basis Feb. 3, 1945 | 87.2 | 4,662 | 95.0 | 14,535 | 32,370 | 50,451 | 43,374 | 47,660 |
| U. S. Bur. of Mines basis Feb. 12, 1944 | | 4,276 | | 13,044 | 35,121 | 52,419 | 36,212 | 45,666 |

*Includes aviation, military, solvents and naphthas, and gasoline blending stocks currently indeterminate as to ultimate use, and 11,934,000 barrels of unfinished gasoline this week, compared with 11,576,000 barrels a year ago. ‡Stocks at refineries, at bulk terminals, in transit and in pipe lines. §Not including 1,563,000 barrels of kerosine, 4,565,000 barrels of gas oil and distillate fuel oil and 9,237,000 barrels of residual fuel oil produced during the week ended Feb. 10, 1945, which compares with 1,325,000 barrels, 4,559,000 barrels and 9,377,000 barrels, respectively, in the preceding week and 1,585,000 barrels, 4,121,000 barrels and 8,894,000 barrels, respectively, in the week ended Feb. 12, 1944.

**Note**—Stocks of kerosine at Feb. 10, 1945, amounted to 7,896,000 barrels, as against 8,796,000 barrels a week earlier and 7,642,000 barrels a year before.

# Trading on New York Exchanges

The Securities and Exchange Commission made public on Feb. 14 figures showing the volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the week ended Jan. 27, continuing a series of current figures being published weekly by the Commission. Short sales are shown separately from other sales in these figures.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended Jan. 27 (in round-lot transactions) totaled 2,102,428 shares, which amount was 15.12% of the total transactions on the Exchange of 7,331,930 shares. This compares with member trading during the week ended Jan. 20 of 2,994,259 shares, or 14.83% of the total trading of 10,095,210 shares. On the New York Curb Exchange, member trading during the week ended Jan. 27 amounted to 615,980 shares, or 14.70% of the total volume on that exchange of 2,094,510 shares. During the Jan. 20 week trading for the account of Curb members of 725,845 shares was 13.90% of total trading of 2,544,895 shares.

**Total Round-Lot Stock Sales on the New York Stock Exchange and Round-Lot Stock Transactions for Account of Members* (Shares)**

WEEK ENDED JAN. 27, 1945

| | Total for week | †% |
|---|---|---|
| A. Total Round-Lot Sales: | | |
| Short sales | 207,360 | |
| ‡Other sales | 7,124,570 | |
| Total sales | 7,331,930 | |
| B. Round-Lot Transactions for Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists: | | |
| 1. Transactions of specialists in stocks in which they are registered— | | |
| Total purchases | 580,630 | |
| Short sales | 70,230 | |
| ‡Other sales | 553,670 | |
| Total sales | 623,900 | 8.21 |
| 2. Other transactions initiated on the floor— | | |
| Total purchases | 285,100 | |
| Short sales | 18,900 | |
| ‡Other sales | 276,210 | |
| Total sales | 295,110 | 3.96 |
| 3. Other transactions initiated off the floor— | | |
| Total purchases | 207,630 | |
| Short sales | 25,050 | |
| ‡Other sales | 199,186 | |
| Total sales | 224,235 | 2.95 |
| 4. Total— | | |
| Total purchases | 1,073,360 | |
| Short sales | 114,180 | |
| ‡Other sales | 1,029,065 | |
| Total sales | 1,143,245 | 15.12 |

**Total Round-Lot Stock Sales on the New York Curb Exchange and Stock Transactions for Account of Members* (Shares)**

WEEK ENDED JAN. 27, 1945

| | Total for week | †% |
|---|---|---|
| A. Total Round-Lot Sales: | | |
| Short sales | 21,935 | |
| ‡Other sales | 2,072,575 | |
| Total sales | 2,094,510 | |
| B. Round-Lot Transaction for Account of Members: | | |
| 1. Transactions of specialists in stocks in which they are registered— | | |
| Total purchases | 166,060 | |
| Short sales | 9,805 | |
| ‡Other sales | 160,090 | |
| Total sales | 169,895 | 8.02 |
| 2. Other transactions initiated on the floor— | | |
| Total purchases | 74,425 | |
| Short sales | 5,100 | |
| ‡Other sales | 53,375 | |
| Total sales | 58,475 | 3.17 |
| 3. Other transactions initiated off the floor— | | |
| Total purchases | 43,515 | |
| Short sales | 2,700 | |
| ‡Other sales | 100,910 | |
| Total sales | 103,610 | 3.51 |
| 4. Total— | | |
| Total purchases | 284,000 | |
| Short sales | 17,605 | |
| ‡Other sales | 314,375 | |
| Total sales | 331,980 | 14.70 |
| C. Odd-Lot Transactions for Account of Specialists— | | |
| Customers' short sales | 0 | |
| §Customers' other sales | 67,665 | |
| Total purchases | 67,665 | |
| Total sales | 60,661 | |

*The term "members" includes all regular and associate Exchange members, their firms and their partners, including special partners.

†In calculating these percentages the total of members' purchases and sales is compared with twice the total round-lot volume on the Exchange for the reason that the Exchange volume includes only sales.

‡Round-lot short sales which are exempted from restriction by the Commission's rules are included with "other sales."

§Sales marked "short exempt" are included with "other sales."

# 79th Congress

The 79th Congress convened on Jan. 3, both Houses, it is stated, opening its sessions promptly at noon. With a bust of former Secretary of State Cordell Hull standing on the rostrum, the Senate, said the Associated Press, began its ceremonies with the presentation of election credentials for Homer Capehart, Indiana Republican; Forrest Donnell, Missouri Republican, who was not present, and William J. Fulbright, Arkansas Democrat. The Associated Press advices, as reported in the New York "Sun," said:

"On the House's brief calendar for opening day was the routine re-election of Sam Rayburn (D.-Tex.) to his fourth term as Speaker. The Democrats were ready to speed their organization by choosing today their members of the biggest standing committees—particularly those dealing with the war and Government spending.

"Mr. Rayburn was re-elected by a roll-call vote of 224 to 168 over Representative Joseph W. Martin, Jr. (R.-Mass.), who automatically resumed his role as leader of the Republican minority.

"Accepting his fourth term as Speaker, Mr. Rayburn appealed for national unity. 'In times like these,' he told the House, 'our thoughts must run to awful things. Today we're being tested whether free government will live on this earth—yea, even civilization."

Under date of Dec. 30 the Associated Press stated:

"In name only will the Seventy-ninth be a new Congress. More than 80% of the 435 House and 96 Senate seats will be occupied for the next two years by veterans of the Seventy-seventh and Seventy-eighth 'war Congresses.'

"Ranking high on the program of legislation awaiting consideration are these subjects, in addition to peacetime conscription:

"Broadening of the Social Security program.

"Revision of the war-weighted tax structure.

"Reconversion of industry from war to peace, and planning for full-time employment.

"Wage stabilization and price controls.

"Continued financing of the war and curbing of the mounting national debt.

"Strengthening of labor laws, particularly those dealing with the War Labor Board.

"And possibly the drafting of a 'lasting peace' plan."

## Kanter Elected Director Of Detroit Branch Of Chicago Reserve

Charles A. Kanter, President of Manufacturers National Bank of Detroit, Mich., was recently elected a director of the Detroit Branch of the Federal Reserve Bank of Chicago for a two-year term. Mr. Kantor has spent most of his business lifetime as a Detroit banker and represents the third generation of his family in Michigan banking.

## Carey N. J. Bank Commissioner

Lawrence B. Carey (Republican) was sworn in on Feb. 14 as New Jersey Commissioner of Banking and Insurance to serve for a 3-year term; his appointment to the post, to succeed Eugene E. Agger of New Brunswick, was confirmed by the State Senate on Feb. 12. In entering upon his new duities Mr. Carey resigned as President of the Plainfield National Bank, of Plainfield, N. J.

# NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on Feb. 14 a summary for the week ended Feb. 3 of complete figures showing the daily volume of stock transactions for odd-lot account of all odd-lot dealers and specialists who handled odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures are based upon reports filed with the Commission by the odd-lot dealers and specialists.

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE N. Y. STOCK EXCHANGE

Week Ended Feb. 3, 1945

| | Total for Week |
|---|---|
| Odd-Lot Sales by Dealers (Customers' purchases) | |
| Number of orders | 28,094 |
| Number of shares | 825,748 |
| Dollar value | $32,326,578 |
| Odd-Lot Purchases by Dealers— (Customers' sales) | |
| Number of Orders: | |
| Customers' short sales | 275 |
| *Customers' other sales | 28,353 |
| Customers' total sales | 28,628 |
| Number of Shares: | |
| Customers' short sales | 8,796 |
| *Customers' other sales | 785,839 |
| Customers' total sales | 794,635 |
| Dollar value | $27,163,418 |
| Round-Lot Sales by Dealers— | |
| Number of Shares: | |
| Short sales | 50 |
| †Other sales | 190,720 |
| Total sales | 190,770 |
| Round-Lot Purchases by Dealers: | |
| Number of shares | 252,500 |

*Sales marked "short exempt" are reported with "other sales."

†Sales to offset customers' odd-lot orders, and sales to liquidate a long position which is less than a round lot are reported with "other sales."

# Revenue Freight Car Loadings During Week Ended Feb. 10, 1945 Increased 16,756 Cars

Loading of revenue freight for the week ended Feb. 10, 1945, totaled 755,436 cars, the Association of American Railroads announced on Feb. 16. This was a decrease below the corresponding week of 1944 of 37,745 cars, or 4.8%, and a decrease below the same week in 1943 of 9,835 cars, or 1.3%.

Loading of revenue freight for the week of Feb. 10 increased 16,756 cars, or 2.3% above the preceding week.

Miscellaneous freight loading totaled 363,345 cars, a decrease of 353 cars below the preceding week, and a decrease of 2,266 cars below the corresponding week in 1944.

Loading of merchandise less than carload lot freight totaled 96,763 cars, an increase of 3,027 cars above the preceding week but a decrease of 2,607 cars below the corresponding week in 1944.

Coal loading amounted to 176,013 cars, an increase of 18,449 cars above the preceding week but a decrease of 9,946 cars below the corresponding week in 1944.

Grain and grain products loading totaled 41,347 cars, a decrease of 385 cars below the preceding week and a decrease of 12,453 cars below the corresponding week in 1944. In the Western Districts alone, grain and grain products loading for the week of Feb. 10 totaled 27,715 cars, a decrease of 1,310 cars below the preceding week and a decrease of 9,924 cars below the corresponding week of 1944.

Livestock loading amounted to 13,571 cars, a decrease of 460 cars below the preceding week and a decrease of 1,242 cars below the corresponding week in 1944. In the Western Districts alone, loading of livestock for the week of Feb. 10 totaled 9,839 cars, a decrease of 613 cars below the preceding week and a decrease of 968 cars below the corresponding week in 1944.

Forest products loading totaled 38,902 cars, a decrease of 4,547 cars below the preceding week and a decrease of 5,792 cars below the corresponding week in 1944.

Ore loading amounted to 10,757 cars, an increase of 542 cars above the preceding week but a decrease of 3,202 cars below the corresponding week in 1944.

Coke loading amounted to 14,738 cars, an increase of 483 cars above the preceding week but a decrease of 237 cars below the corresponding week in 1944.

All districts reported decreases compared with the corresponding week in 1944 except the Pocahontas, Southern and Central Western. All districts reported increases compared with 1943 except the Eastern, Allegheny and Southwestern.

| | 1945 | 1944 | 1943 |
|---|---|---|---|
| 4 Weeks of January | 3,001,544 | 3,158,700 | 2,910,638 |
| Week of February 3 | 738,680 | 805,714 | 755,514 |
| Week of February 10 | 755,436 | 793,181 | 765,271 |
| Total | 4,495,660 | 4,757,595 | 4,431,423 |

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended Feb. 10, 1945. During this period only 51 roads showed increases when compared with the corresponding week a year ago.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS (NUMBER OF CARS) WEEK ENDED FEB. 10

| Railroads | Total Revenue Freight Loaded | | | Total Loads Received from Connections | |
|---|---|---|---|---|---|
| | 1945 | 1944 | 1943 | 1945 | 1944 |
| **Eastern District—** | | | | | |
| Ann Arbor | 301 | 261 | 262 | 1,546 | 1,540 |
| Bangor & Aroostook | 2,422 | 2,153 | 2,450 | 622 | 283 |
| Boston & Maine | 5,409 | 6,414 | 5,920 | 14,306 | 14,758 |
| Chicago, Indianapolis & Louisville | 1,312 | 1,422 | 1,353 | 2,446 | 2,078 |
| Central Indiana | 31 | 29 | 38 | 41 | 43 |
| Central Vermont | 1,005 | 975 | 891 | 2,909 | 2,221 |
| Delaware & Hudson | 4,443 | 4,869 | 6,356 | 12,864 | 12,823 |
| Delaware, Lackawanna & Western | 6,274 | 7,538 | 7,558 | 9,686 | 10,188 |
| Detroit & Mackinac | 142 | 217 | 210 | 123 | 111 |
| Detroit, Toledo & Ironton | 1,624 | 1,993 | 1,808 | 2,414 | 1,817 |
| Detroit & Toledo Shore Line | 370 | 300 | 292 | 3,517 | 3,717 |
| Erie | 10,015 | 12,797 | 12,054 | 15,989 | 20,332 |
| Grand Trunk Western | 4,002 | 3,754 | 3,867 | 9,558 | 9,696 |
| Lehigh & Hudson River | 143 | 193 | 184 | 4,194 | 3,111 |
| Lehigh & New England | 1,644 | 1,941 | 1,966 | 1,433 | 1,476 |
| Lehigh Valley | 6,462 | 8,551 | 8,305 | 11,212 | 15,072 |
| Maine Central | 2,206 | 2,373 | 2,457 | 4,028 | 4,110 |
| Monongahela | 4,441 | 6,526 | 6,451 | 268 | 304 |
| Montour | 2,051 | 2,471 | 2,624 | 17 | 28 |
| New York Central Lines | 42,709 | 45,446 | 43,495 | 51,141 | 57,002 |
| N. Y., N. H. & Hartford | 7,854 | 9,567 | 9,478 | 17,418 | 18,415 |
| New York, Ontario & Western | 685 | 1,218 | 1,018 | 2,178 | 2,640 |
| New York, Chicago & St. Louis | 5,942 | 6,317 | 7,189 | 15,306 | 17,245 |
| N. Y., Susquehanna & Western | 409 | 500 | 448 | 2,281 | 2,533 |
| Pittsburgh & Lake Erie | 6,218 | 7,493 | 7,374 | 5,817 | 8,005 |
| Pere Marquette | 4,889 | 4,559 | 4,261 | 8,984 | 8,161 |
| Pittsburg & Shawmut | 762 | 950 | 735 | 8 | 29 |
| Pittsburg, Shawmut & North | 268 | 358 | 360 | 242 | 252 |
| Pittsburgh & West Virginia | 1,003 | 1,143 | 798 | 2,938 | 2,683 |
| Rutland | 336 | 340 | 296 | 804 | 1,032 |
| Wabash | 6,123 | 6,021 | 5,799 | 13,366 | 12,567 |
| Wheeling & Lake Erie | 5,044 | 4,887 | 4,942 | 4,828 | 4,843 |
| Total | 136,539 | 153,590 | 151,240 | 222,484 | 239,116 |
| **Allegheny District—** | | | | | |
| Akron, Canton & Youngstown | 719 | 650 | 780 | 1,769 | 1,321 |
| Baltimore & Ohio | 36,179 | 43,353 | 38,898 | 30,920 | 28,402 |
| Bessemer & Lake Erie | 2,420 | 3,181 | 3,331 | 1,653 | 1,580 |
| Buffalo Creek & Gauley | † | † | 316 | † | † |
| Cambria & Indiana | 1,580 | 1,710 | 2,009 | 2 | 10 |
| Central R. R. of New Jersey | 6,077 | 6,949 | 6,617 | 18,808 | 22,318 |
| Cornwall | 338 | 589 | 488 | 46 | 72 |
| Cumberland & Pennsylvania | 197 | 223 | 252 | 7 | 14 |
| Ligonier Valley | 109 | 159 | 98 | 27 | 58 |
| Long Island | 1,029 | 1,240 | 948 | 3,652 | 3,745 |
| Penn-Reading Seashore Lines | 1,606 | 1,631 | 1,552 | 2,201 | 2,696 |
| Pennsylvania System | 70,899 | 77,600 | 74,106 | 62,378 | 66,174 |
| Reading Co. | 13,294 | 14,796 | 14,536 | 29,150 | 31,571 |
| Union (Pittsburgh) | 18,099 | 20,113 | 20,955 | 4,125 | 4,515 |
| Western Maryland | 3,618 | 4,608 | 3,958 | 15,188 | 14,930 |
| Total | 156,164 | 176,802 | 168,844 | 169,926 | 177,407 |
| **Pocahontas District—** | | | | | |
| Chesapeake & Ohio | 31,292 | 29,884 | 28,150 | 13,584 | 12,162 |
| Norfolk & Western | 23,769 | 22,753 | 22,651 | 11,256 | 8,246 |
| Virginian | 5,177 | 4,886 | 5,114 | 2,300 | 2,299 |
| Total | 60,238 | 57,523 | 55,915 | 27,140 | 22,707 |
| **Southern District—** | | | | | |
| Alabama, Tennessee & Northern | 322 | 315 | 333 | 350 | 373 |
| Atl. & W. P.—W. R. R. of Ala | 753 | 867 | 833 | 2,715 | 2,692 |
| Atlanta, Birmingham & Coast | 931 | 798 | 675 | 1,684 | 1,575 |
| Atlantic Coast Line | 13,164 | 13,337 | 14,731 | 12,699 | 11,581 |
| Central of Georgia | 3,731 | 3,697 | 4,010 | 5,951 | 5,207 |
| Charleston & Western Carolina | 405 | 355 | 440 | 1,854 | 1,846 |
| Clinchfield | 1,658 | 1,726 | 1,683 | 3,363 | 3,951 |
| Columbus & Greenville | 303 | 289 | 355 | 277 | 320 |
| Durham & Southern | 110 | 115 | 112 | 708 | 921 |
| Florida East Coast | 2,957 | 3,385 | 3,243 | 1,486 | 2,012 |
| Gainesville Midland | 34 | 39 | 40 | 130 | 147 |
| Georgia | 981 | 980 | 1,507 | 2,762 | 2,504 |
| Georgia & Florida | 404 | 357 | 428 | 770 | 906 |
| Gulf, Mobile & Ohio | 4,592 | 4,104 | 3,724 | 4,157 | 4,460 |
| Illinois Central System | 27,239 | 28,727 | 28,331 | 18,266 | 18,213 |
| Louisville & Nashville | 27,087 | 25,410 | 25,123 | 12,684 | 11,977 |
| Macon, Dublin & Savannah | 219 | 173 | 167 | 925 | 954 |
| Mississippi Central | 323 | 364 | 214 | 579 | 645 |
| Nashville, Chattanooga & St. L. | 3,482 | 3,163 | 3,354 | 5,289 | 4,942 |
| Norfolk Southern | 901 | 1,127 | 1,204 | 1,537 | 1,834 |
| Piedmont Northern | 536 | 383 | 346 | 1,455 | 1,878 |
| Richmond, Fred. & Potomac | 445 | 402 | 381 | 10,774 | 11,944 |
| Seaboard Air Line | 9,814 | 10,875 | 10,796 | 9,538 | 9,905 |
| Southern System | 23,857 | 22,112 | 22,021 | 27,479 | 26,114 |
| Tennessee Central | 733 | 648 | 505 | 784 | 1,091 |
| Winston-Salem Southbound | 153 | 133 | 111 | 1,565 | 1,072 |
| Total | 125,134 | 123,881 | 124,667 | 129,781 | 129,064 |
| **Northwestern District—** | | | | | |
| Chicago & North Western | 15,116 | 15,684 | 14,390 | 14,264 | 14,213 |
| Chicago Great Western | 2,476 | 2,759 | 2,459 | 3,628 | 3,514 |
| Chicago, Milw., St. P. & Pac. | 20,687 | 20,596 | 18,826 | 11,331 | 19,487 |
| Chicago, St. Paul, Minn. & Omaha | 3,310 | 3,772 | 3,646 | 4,072 | 4,076 |
| Duluth, Missabe & Iron Range | 1,361 | 1,512 | 1,241 | 314 | 279 |
| Duluth, South Shore & Atlantic | 762 | 811 | 543 | 673 | 635 |
| Elgin, Joliet & Eastern | 9,230 | 8,570 | 9,101 | 12,524 | 11,292 |
| Ft. Dodge, Des Moines & South | 336 | 443 | 415 | 85 | 120 |
| Great Northern | 10,343 | 11,755 | 9,575 | 5,862 | 5,304 |
| Green Bay & Western | 484 | 522 | 470 | 972 | 966 |
| Lake Superior & Ishpeming | 232 | 298 | 213 | 64 | 74 |
| Minneapolis & St. Louis | ‡1,906 | 2,105 | 1,863 | ‡2,497 | 2,337 |
| Minn., St. Paul & S. S. M. | 4,429 | 4,837 | 4,444 | 3,530 | 3,774 |
| Northern Pacific | 9,097 | 10,378 | 8,353 | 6,034 | 5,471 |
| Spokane International | *244 | 137 | 43 | *614 | 796 |
| Spokane, Portland & Seattle | 2,291 | 2,458 | 1,537 | 3,387 | 2,746 |
| Total | 82,304 | 86,637 | 77,119 | 69,851 | 66,084 |
| **Central Western District—** | | | | | |
| Atch., Top. & Santa Fe System | 22,951 | 21,501 | 20,571 | 13,784 | 13,174 |
| Alton | 3,594 | 2,919 | 3,031 | 4,590 | 4,164 |
| Bingham & Garfield | 350 | 481 | 537 | 49 | 71 |
| Chicago, Burlington & Quincy | 20,121 | 20,559 | 17,526 | 12,300 | 10,894 |
| Chicago & Illinois Midland | 3,136 | 2,871 | 2,767 | 861 | 817 |
| Chicago, Rock Island & Pacific | 12,107 | 11,670 | 11,845 | 13,825 | 12,771 |
| Chicago & Eastern Illinois | 2,814 | 2,761 | 2,300 | 4,108 | 6,109 |
| Colorado & Southern | 693 | 785 | 748 | 2,087 | 2,177 |
| Denver & Rio Grande Western | 4,034 | 3,534 | 3,705 | 6,478 | 5,324 |
| Denver & Salt Lake | 726 | 927 | 909 | 20 | 8 |
| Fort Worth & Denver City | 951 | 787 | 1,007 | 1,453 | 1,370 |
| Illinois Terminal | 2,269 | 1,949 | 1,753 | 2,126 | 1,718 |
| Missouri-Illinois | 891 | 967 | 870 | 610 | 512 |
| Nevada Northern | 1,434 | 1,896 | 2,068 | 101 | 140 |
| North Western Pacific | 724 | 812 | 960 | 975 | 846 |
| Peoria & Pekin Union | 1 | 13 | 27 | 0 | 0 |
| Southern Pacific (Pacific) | 27,380 | 29,850 | 26,289 | 14,867 | 15,875 |
| Toledo, Peoria & Western | 288 | 380 | 268 | 2,193 | 1,889 |
| Union Pacific System | 16,515 | 15,220 | 13,565 | 15,935 | 15,721 |
| Utah | 591 | 677 | 608 | 3 | 11 |
| Western Pacific | 1,706 | 1,459 | 1,961 | 4,466 | 2,515 |
| Total | 123,276 | 122,018 | 113,315 | 100,831 | 96,207 |
| **Southwestern District—** | | | | | |
| Burlington-Rock Island | 244 | 275 | 683 | 301 | 498 |
| Gulf Coast Lines | 6,349 | 7,832 | 6,651 | 2,442 | 2,578 |
| International-Great Northern | 2,431 | 1,930 | 3,414 | 3,605 | 4,004 |
| Kansas, Oklahoma & Gulf | 288 | 252 | 357 | 1,017 | 1,189 |
| Kansas City Southern | 4,983 | 5,466 | 4,920 | 2,946 | 2,592 |
| Louisiana & Arkansas | 3,722 | 3,208 | 3,934 | 2,928 | 2,717 |
| Litchfield & Madison | 328 | 322 | 319 | 1,219 | 1,233 |
| Midland Valley | 632 | 807 | 654 | 461 | 437 |
| Missouri & Arkansas | 115 | 215 | 141 | 551 | 451 |
| Missouri-Kansas-Texas Lines | 7,001 | 5,395 | 6,147 | 4,959 | 4,910 |
| Missouri Pacific | 17,293 | 16,745 | 16,723 | 18,760 | 21,358 |
| Quanah Acme & Pacific | 53 | 116 | 113 | 361 | 346 |
| St. Louis-San Francisco | 9,218 | 8,199 | 9,140 | 8,793 | 10,227 |
| St. Louis Southwestern | 3,448 | 2,961 | 3,634 | 7,226 | 7,212 |
| Texas & New Orleans | 10,549 | 13,452 | 13,348 | 5,492 | 5,680 |
| Texas & Pacific | 4,929 | 5,465 | 3,872 | 8,478 | 8,256 |
| Wichita Falls & Southern | 89 | 71 | 85 | 42 | 58 |
| Weatherford M. W. & N. W. | 32 | 19 | 27 | 26 | 44 |
| Total | 71,704 | 72,730 | 74,162 | 69,607 | 73,784 |

*Previous week's figure. †Included in Baltimore & Ohio RR. ‡Figure for week ended Jan. 27, 1945 (latest available).

**Note**—Previous year's figures revised.

# Weekly Statistics of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Association, Chicago, Ill., in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the orders and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

| Period 1944—Week Ended | Orders Received Tons | Production Tons | Unfilled Orders Remaining Tons | Percent of Activity | |
|---|---|---|---|---|---|
| | | | | Current | Cumulative |
| November 4 | 207,817 | 157,644 | 535,745 | 96 | 94 |
| November 11 | 141,154 | 158,266 | 515,738 | 96 | 94 |
| November 18 | 135,644 | 156,667 | 494,062 | 96 | 94 |
| November 25 | 110,144 | 149,062 | 450,898 | 91 | 94 |
| December 2 | 189,731 | 154,682 | 484,811 | 94 | 94 |
| December 9 | 173,669 | 154,822 | 501,946 | 95 | 94 |
| December 16 | 137,936 | 152,695 | 480,929 | 94 | 94 |
| December 23 | 126,115 | 149,031 | 451,891 | 94 | 94 |
| December 30 | 109,895 | 88,105 | 471,289 | 57 | 93 |
| Period 1945—Week Ended | | | | | |
| January 6 | 189,769 | 125,882 | 532,194 | 80 | 80 |
| January 13 | 149,921 | 150,011 | 524,308 | 95 | 87 |
| January 20 | 131,901 | 150,876 | 503,240 | 94 | 89 |
| January 27 | 159,885 | 152,075 | 510,931 | 95 | 91 |
| February 3 | 204,550 | 148,139 | 565,064 | 92 | 91 |
| February 10 | 149,590 | 151,307 | 560,960 | 93 | 92 |

**Notes**—Unfilled orders of the prior week, plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled from stock, and other items made necessary adjustments of unfilled orders.

# ABA Subcommittee on Agricultural Credit

Members of the American Bankers Association Subcommittee on Agricultural Credit, which is part of the Association's Committee on Federal Legislation, met in Washington for four days ending Feb. 4 for the purpose of reviewing the whole farm credit situation. John N. Thomson, Vice-President and Cashier of the Bank of Centerville, Centerville, S. D., presided as chairman of the subcommittee. A thorough study was made of the latest developments in the farm credit field. Consideration was given to potential legislation, and steps were taken to prepare for the proposed investigation of the Farm Credit Administration, which the Committee on Agriculture of the House of Representatives is expected to undertake soon. In the course of their deliberations, the committee conferred with legislators, spokesmen for government departments, and farmer leaders. All of the members of the Subcommittee on Agriculture Credit except one were in attendance. These were: John N. Thomson, Vice-President and Cashier, Bank of Centerville, Centerville, S. D.; John H. Crocker, Vice-President, Citizens National Bank, Decatur, Ill.; R. P. Holding, President, First-Citizens Bank & Trust Company, Smithfield, N. C.; Edgar McBride, President, Commercial Bank, Blue Hill, Neb.; C. T. O'Neill, Vice-President and trust officer, National Bank & Trust Company, Charlottesville, Va.; W. L. Smith, Vice-President and cashier, First National Bank, Lake Geneva, Wis.; N. V. Torgerson, President, Farmers State Bank, Adams, Minn.; J. C. Wilson, President, First Bank & Trust Company, Perth Amboy, N. J., and L. C. Wright, President, Security Bank, Blackwell, Okla.

In addition, the conference was attended by W. Randolph Burgess, President of the American Bankers Association and Vice Chairman of Board of the National City Bank of New York; Frank C. Rathje, Vice-President of the American Bankers Association and Chairman of Board and President of the Chicago City Bank and Trust Company, Chicago, Ill.; Frank G. Addison, Jr., Chairman of the Committee on Federal Legislation, and President of the Security Savings and Commercial Bank, Washington, D. C.; C. W. Bailey, Chairman of the Agricultural Commission, and President of the First National Bank, Clarksville, Tenn.; A. L. M. Wiggins, former Chairman of the Committee on Federal Legislation, immediate past President of the A.B.A., and President of the Bank of Hartsville, Hartsville, S. C., and Harold Stonier, executive manager of the Association, New York.

## Lumber Movement Week Ended Feb. 10, 1945

According to the National Lumber Manufacturers Association, lumber shipments of 472 mills reporting to the National Lumber Trade Barometer were 5.8% above production for the week Feb. 10, 1945. In the same week new orders of these mills were 5.9% more than production. Unfilled order files of the reporting mills amounted to 97% of stocks. For reporting softwood mills, unfilled orders are equivalent to 37 days' production at the current rate, and gross stocks are equivalent to 36 days' production.

For the year-to-date, shipments of reporting identical mills exceeded production by 6.8%; orders by 17.3%.

Compared to the average corresponding week of 1935-39, production of reporting mills was 42.8% greater; shipments were 32.2% greater; and orders were 25.2% greater.

# Items About Banks, Trust Companies

Guaranty Trust Company of New York announced on Feb. 16 the appointment of Walter H. Potter as a Second Vice-President. Mr. Potter has returned to his former duties at the bank after more than two years in military service, during which he served with the Army Medical Corps in this country and overseas with the rank of Lieut.-Colonel. Prior to the war he was an Assistant Treasurer of the Guaranty Trust Company, and with his reinstatement and promotion he continues to be identified with the Banking Department at the Main Office.

Directors of the Fulton Trust Company of New York on Feb. 15, elected Walter N. Stillman to the board. Mr. Stillman, senior partner of the New York Stock Exchange firm of Stillman, Maynard & Co., has been in the financial district since 1905, when he graduated from Yale. He is President of the Union Club and a trustee of the Society for the Relief of the Destitute Blind and of the Downtown Association.

Manufacturers Trust Company, New York, has established a banking office at the Navy medical supply depot which is located at the corner of Pearl and Sands Streets, Brooklyn, and serves as a warehouse distributing center for medical supplies and equipment of the U. S. Naval Forces, ashore and afloat.

At a meeting held on Feb. 20 by the Board of Directors of Bankers Trust Company of New York, Harold C. Strait was elected an Assistant Treasurer. Mr. Strait will continue his assignment at the 57th Street Office of the Company.

Charles S. Brown of Brown, Wheelock, Harris, Stevens, Inc., was elected a Trustee of The Bank for Savings in the City of New York at the February meeting of the Board. His father was a Trustee of the Bank for over 40 years. Mr. Brown is a Director of City & Suburban Homes Co., Fulton Trust Co. and Mercantile Insurance Co.

The election of Fergus F. Wallace, as a trustee of the Bay Ridge Savings Bank, Brooklyn, N. Y., was announced on Feb. 14. Reporting this, the Brooklyn Daily "Eagle" stated that Mr. Wallace is President of Wessel, Duval & Co., Inc. of New York City. The Bay Ridge Savings Bank is a $71,000,000 institution with over 92,000 depositors.

Charles Margett, of Jackson Heights, has been elected to the board of directors of the Flushing National Bank, of Flushing, Long Island. Mr. Margett is former President of the Long Island City Lawyers Club, former President of the Queens County Legal Club, and a member of the board of managers of the Queens County Bar Association. He is also President of the Lawyers Club of the Federation of Jewish Philanthropic Societies of Queens and Treasurer and director of the Community Services of Queens and Nassau.

Matthew Bender has been elected a trustee of the Home Savings Bank of Albany, N. Y., succeeding the late Noel S. Bennett, it was announced following the monthly meeting of the board of trustees on Feb. 13. The Albany "Times Union" in reporting this further said: "Mr. Bender becomes the 14th member of the Home Savings bank board. He is Vice-President of Matthew Bender & Co., who have been law book publishers in Albany since 1877. He is also a director of the Consolidated Car Heating Co.

Frederick H. Bidwell, Assistant Cashier of the First National Bank of Hartford, Conn., was elected Cashier by the bank directors at their meeting on Feb. 7, filling the vacancy caused by the death of Stephen G. Pierce. Mr. Bidwell, says the Hartford "Courant" began his banking career in 1916 with the National Exchange Bank, which was afterwards absorbed by the First National. He was elected Assistant Cashier in 1926. He was President of Hartford Chapter, American Institute of Banking in 1926 and has taken a prominent part in its activities.

Robert Dudley Chapin, Secretary of the Hartford National Bank & Trust Co., Hartford, Conn., and a member of the bank's staff and its predecessors for 50 years, died on Jan. 25 at the age of 68 years. The Hartford "Courant' 'on Jan. 26 reported that at the time of his death Mr. Chapin was senior member of the Hartford Aviation Commission, on which he had served three terms as President.

Three officials of the Union National Bank of Newark, N. J., who have been given new titles, have been with the institution since its organization in 1925, it was made known by the Newark "Evening News" of Feb. 10, from which we quote:

"They are William Dunkel, who was promoted to Executive Vice-President from Vice-President and Cashier; Arthur B. Irwin, who was promoted to Cashier from Assistant Cashier, and Joseph S. Havis, who was promoted from a teller to Assistant Cashier. Another Assistant Cashier named is Leslie Coffman.

David E. Williams, President of the Corn Exchange National Bank and Trust Company, of Philadelphia, has been notified of the approval by the Comptroller of the Currency of the increase in the bank's capital from $4,550,000 to $5,687,500. The Comptroller's action permits the addition to capital of a portion of the funds derived from the sale of 56,875 additional shares of stock. The remainder of the funds from the sale of the additional shares was apportioned to the bank's surplus. It is announced that at the close of 1944, Corn Exchange Nat'l Bk. and Trust Co.'s capital was $4,550,000, surplus $7,500,000 and undivided profits $2,880,000. The apportionment from the sale of stock, plus a transfer of $362,500 from undivided profits will make the capital funds of the bank as of Feb. 19, 1945—capital, $5,687,500; surplus, $9,000,000 and undivided profits approximately $2,700,000. The increase in capital funds, Mr. Williams said, "will enable the bank to take greater advantage of the present excellent opportunity to enlarge the scope of its business." Following a recommendation of the bank's Board of Directors, Corn Exchange stockholders on Jan. 9, voted approval of the proposed capital stock increase. The additional shares were offered to stockholders of record Jan. 11, 1945, on the basis of one share for each four shares held at a price of $40 per share. On Feb. 16, Mr. Williams certified to the Comptroller of the Currency that the bank had received all of the funds from the sale of additional shares of stock.

George L. C. Scheirer has been elected Cashier of the National Capital Bank of Washington, D. C., it was announced on Feb. 15 by President Geo. A. Didden, Jr., according to advices in the Washington "Post," by S. Oliver Goodman, from which we also quote:

"Mr. Scheirer fills the position left by the recent resignation of S. Wilson Earnshaw.

"Mr. Scheirer, a newcomer with the National Capital Bank, formerly was Assistant Vice-President of the Bank of Commerce & Savings. Previously, he was employed by the National City Bank of New York and prior to that was associated with the Continental Illinois National Bank & Trust Co. of Chicago.

Edward W. Talbott, former President of the Patapsco National Bank in Ellicott City, Md., died on Feb. 12 at 77 years of age. Mr. Talbott retired as President of the bank on Jan. 1 after holding that position for 26 years.

Edward W. Masterson and William H. Coy have been elected Assistant Cashiers of the LaSalle National Bank in Chicago, President C. Ray Phillips announced.

Richard S. Banfield, President of the Aberdeen, S. D., National Bank since 1939, has been elected Vice-President of the First National Bank of Minneapolis and will join the staff of the latter on March 1, Lyman E. Wakefield, President, announced on Feb. 7. In indicating this the Minneapolis "Star-Journal" said:

"Entering employ of First National Bank of Austin, Minn., in 1915, he [Mr. Banfield] became its Vice-President in 1926. From 1934 to 1939 he was President of First National Bank of Owatonna, Minn.

"Mr. Banfield will be succeeded at Aberdeen by L. H. Ickler, Jr., former President of the National Bank of Jamestown, N. D. He in turn will be succeeded by F. L. Durand, since 1930 Manager of the Credit Department of First Service Corporation, operating affiliate of First Bank Stock Corporation."

The Kansas City (Mo.) "Star" reported on Feb. 7 that a few days after the 33rd anniversary of her start with the Commerce Trust Company of Kansas City, Miss Emma Hall on Feb. 6 was elected an Assistant Vice-President of the institution. It is added that she is the first woman ever to occupy such a high position in any Kansas City bank.

The resignation of Clay McCandless, as President of the Stock Yards Bank of Louisville, Ky., was announced on Feb. 6 by L. M. Sanders, Executive Vice-President of the institution. Mr. McCandless, one of the original incorporators of the bank in 1904, was elevated to Chairman of the Board, a position vacated by Foster H. Embry, who becomes President. Reporting this the Louisville "Courier-Journal" of Feb. 7 also said in part:

"Mr. McCandless was impelled to resign because of advancing years (he was one of the few octogenarian bank Presidents in the State) and because of increasing duties of the position. Under his administration as President, the total resources of Stock Yards Bank have grown from less than $1,000,000 in 1932 to the present total of approximately $5,000,000. Mr. McCandless' predecessor in the position was the late C. H. Wulkop.

"The new President is a son of the late Henry F. Embry, who inspired organization of the bank. Foster H. Embry has been a director of the institution for the last 30 years.

"Mr. Embry is President of Peoria (Ill.) Union Stock Yards; Lafayette (Ind.) Union Stockyards; Dayton (Ohio) Stock Yards; Green-Embry & Co., Cincinnati, and Tatum, Embry and Huddleston, Montgomery, Ala. He is Vice-President and Chairman of the Board of Evansville (Ind.) Union Stock Yards. He also is a director of Union Stock Yards, Montgomery, Ala.; Union Stock Yards, Wichita, Kan.; Emmart Packing Company and Bourbon Stock Yard Company.

Comer J. Kimball, Vice-President and investment officer of the First National Bank, Palm Beach, Fla., for the past five years, was added to the Board of Directors at the annual stockholders meeting, according to advices Feb. 14 from R. E. Conn, Vice-President of the bank. Mr. Kimball is a graduate of the University of Virginia and has had 16 years of experience in the banking and investment field. All other officers and directors were reelected. At the directors' meeting following, the regular monthly dividend of $1 and an extra one of 50 cents per share was voted for stockholders of record Feb. 25. It was announced that the bank has gained 43 places in a national banking poll and has now reached 320th in the list of banks in this country, based on deposits. Its deposits as of Dec. 31 were given as more than $45,000,000. Increase in capital funds from about $2,500,000 to $3,000,000 in the past year was reported.

Completion of the plan of the National Bank of Commerce in New Orleans (La.) to retire all of its $1,200,000 of preferred stock was announced on Feb. 13 by Oliver G. Lucas, President, it is learned from the New Orleans "Times-Picayune" of Feb. 14, which also stated:

"Monday [Feb. 12], the Comptroller of the Currency at Washington authorized the bank to put the recapitalization plan into effect.

"Under the new plan, the bank starts business today with $3,000,000 of capital stock and $1,500,000 of surplus and undivided profits and capital reserves of approximately $741,000.

"Last January, the bank shareholders approved the plan under which each of the 4,200 shareholders were given the right to subscribe a 2-3 of a share of common stock at a cost of $18. At the same time, a $500,000 stock dividend was declared. Of the 50,000 additional common share offered to stockholders, all but 4,497 shares were taken by subscription. These shares were sold Saturday afternoon to the highest bidders. A premium of $17,000 was realized, the average price paid being $26.28 per share.

Following the annual meeting of the stockholders of the First National Bank, Houston, Tex., the four top officials of the bank were advanced, as follows, according to the Dallas "Times-Herald":

"John T. Scott, Chairman of the Board for 15 years, was named Chairman of the Advisory Committee. He is succeeded by F. M. Law, President for 15 years.

"William A. Kirkland, now on leave as Commander in the United States Navy, was named Chairman of the Executive Committee. F. P. Butler, who came to the bank May 1, 1944, as Executive Vice-President, was elected President.

Announcement has been made of plans for the merger of the Guardian Trust Co. of Houston, Tex., with the Second National Bank, of that city, as to which it is stated that only last November the Second National completed a merger with the San Jacinto National Bank of Houston. Advices in the Dallas "Times-Herald" by Alvin Du Vall from Houston further report, in part:

"Stockholders of the Second National and Guardian Trust will meet March 8 to consider and ratify a contract for consolidation of the two institutions. The contract was entered into by unanimous action of the boards of directors of both institutions on Dec. 30, 1944, Col. W. B. Bates, Chairman of the Board of the Second National Bank, said.

"The consolidated bank will have a capital of $3,250,000, a surplus of $3,250,000 and 'appropriate' undivided profits, with deposits of approximately $130,000,000.

"Colonel Bates said the consolidation will give the Second National one of the largest trust departments of any bank in Texas.

"L. R. Bryan, President of the Second National Bank, said it would be some time before the actual combining of the two banks can take place because the Second National's quarters will have to be further enlarged to house the added personnel and serve the combined customers."

The appointment of three new Assistant Vice-Presidents of the First National Bank of Dallas, Tex., was announced by Nathan Adams, Chairman of the Board of the bank on Feb. 13, it is learned from the Dallas "Times-Herald," which reports the appointments as follows:

"M. W. Barrett and A. J. Kutner, Jr., have been made Assistant Vice-Presidents, and are assigned to the bank's new business department. Severne P. Rawlins, manager of the bank's fiscal agency at Camp Howze, Tex., also has been given the title.

The net profits of the Westminster Bank, Ltd., of London, for the past year, after providing for rebate and taxation, and after appropriations to the credit of contingency accounts, out of which accounts full provision for bad and doubtful debts has been made, amount to £1,366,907. This sum added to £545,340 brought forward from 1943 leaves available the sum of £1,912,247. The advices from the bank also report:

"The dividends of 9% paid in August, last, on the £4 shares and 6¼% on the stock, absorb £388,481. A further dividend of 9% is now declared in respect of the £4 shares, making 18% for the year; and a further dividend of 6¼% on the stock will be paid, making the maximum of 12½% for the year.

"The dividends will be payable (less income tax) on Feb. 1 to those shareholders and stockholders whose names were registered in the books of the company on Dec. 31, last.

"£300,000 has been transferred to bank premises reinstatement and rebuilding account and £300,000 to officers' pension fund, leaving a balance of £535,285 to be carried forward."

The directors of the Midland Bank, Ltd., of London, announced on Feb. 2 that Stanley Christopherson, who accepted the Chairmanship of the Board until the appointment in due course of a permanent Chairman, has now relinquished that position, but retains his seat on the Board. It is also announced that the Marquess of Linlithgow, who joined the Board in May, 1944, has been elected Chairman of the bank and of the Midland Bank Executor and Trustee Co., Ltd.

The Lloyds Bank, Ltd., London, England, reported in its statement of condition as of Dec. 31, 1944, that total deposits were £819,273,880 and total resources £876,918,242 compared, respectively, with £727,903,279 and £775,739,715 a year ago. Cash in hand and with the Bank of England was shown as £93,628,018, against £76,816,596 and balances with other British banks, £31,969,611, compared with £32,125,163 on Dec. 30, 1943. Treasury deposit receipts were £315,000,000, against £225,000,000 while investments stood at £204,087,424, against £215,805,908, of which £178,743,795, against £191,283,220 (for last year) represent obligations of or guaranteed by the British Government. Loans and advances were shown to be £104,232,012, against £112,675,816.